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# ***JPRS Report***

## **Soviet Union**

### ***Economic Affairs***

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# Soviet Union

## Economic Affairs

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Council of Ministers Decree Changes Enterprise Sanctions

18200066 Moscow *EKONOMICHESKAYA GAZETA* in  
Russian No 42, Oct 88 p 20

[Decree: "On Regulating the System of Economic (Property) Sanctions Applied to Enterprises, Associations and Organizations"; approved by the USSR Council of Ministers on 30 July 1988]

[Text] The USSR Council of Ministers notes that putting into effect the measures worked out by the party and the government on fundamental restructuring of economic administration requires further regulation of the system of economic (property) responsibility of the enterprises, associations and organizations.

Despite the decisions made, in the course of reviewing the economic legislation, on considerably reducing the number of sanctions introduced under the conditions of primarily administrative-command methods of management, work on regulating the system of economic (property) responsibility has not yet been completed. Several sanctions continue in effect, the use of which does not stimulate an improvement in the economic activity of the enterprises, associations and organizations, but only imposes an unwarranted burden on their economy. The principle of equal responsibility of parties for violating mutual obligations is not followed through in all cases. The Ministries and departments of the USSR have not completed the full repeal of the sanctions, established by their initiative, which violate cost accounting interests and fetter the independence of the enterprises.

The enterprises, associations and organizations are making poor use of the opportunity afforded them to solve problems of property responsibility for violation of obligations directly imposed in the agreements concluded. They use very rarely such an all-purpose measure for responsibility, specified by existing legislation, as reimbursement for losses, corresponding to a great extent to the appropriate new economic mechanism.

In order to create the economic and legal guarantees necessary to ensure the normal work of the enterprises, associations and organizations under the conditions of full cost accounting and self-financing, and carry out the system of economic (property) responsibility in accordance with the new principles of economic activity, the USSR Council of Ministers decrees:

1. Acknowledge the need for a sharp reduction in the number of economic (property) sanctions applied to enterprises, associations and organizations, specified by the existing legislation, retaining them only for the most serious violations of state planning and contractual discipline.

Eliminate the unsubstantiated interference of the ministries, departments and other organs of economic direction in the work of the enterprises, associations and organizations, prohibiting these organs from specifying, on their own initiative, in the departmental normative acts issued by them, measures for economic (property) responsibility of the enterprises, associations and organizations. The economic (property) sanctions earlier established by the departmental normative documents are used only in exceptional cases, when permitted by the USSR Council of Ministers or stipulated by a legislative act.

2. The enterprises, associations and organizations, guided by the USSR Law on State Enterprises (Associations) and other resolutions on fundamental restructuring of the economic administration, are to make broader use of the rights granted them to regulate problems of property responsibility for violating obligations directly in the contracts concluded on supply of products, work fulfillment and rendering services, with the presentation, in the appropriate cases, based on the existing legislation, of requirements to reimburse the losses caused by the indicated violations.

Implement the following additional measures to regulate and reduce the number and rise of economic foundation for sanctions applied to enterprises, associations and organizations.

### On Supplying Products for Production-Technical Purposes and Consumer Goods

3. Introduce equal economic responsibility for equivalent violations—establish a unified amount of forfeit for undersupply of products for production-technical purposes (except for some types of products, determined by legislation), repealing the use in increased amount of sanctions for undersupply of products for individual groups of consumers (customers).

Reduce the amount of forfeit for undersupply of consumer goods, bearing in mind that, for the forfeit exacted to be mainly reimbursed by the trade organization, the losses arising from them due to nonfulfillment of the plan for commodity circulation are because of failure to obtain from the manufacturing enterprises the commodities specified by the contract. Retain, at the same time, the existing principle for computing the sanctions on the basis of the wholesale prices minus the trade rebates.

Establish a unified amount for the fine for supplying poor-quality products (commodities) and repeal the higher sanctions used in case of rejecting products (commodities) included in a higher quality category.

Renounce the application of fines for the supply of incomplete products (commodities), having production defects that can be eliminated, when they are eliminated (the items are completely made up) by the manufacturer



within the established period, as well as renouncing other economic sanctions not meeting the new conditions of management and of a partial nature.

The specific forms and amounts of economic (property) sanctions are established by the Statute on Supplying Products for Production-Technical Purposes and the Statute on Supplying Consumer Goods, affirmed by the decree of the USSR Council of Ministers on 25 July 1988, No 888.

#### On Capital Construction

4. For the purpose of regulating the application of sanctions for nonfulfillment of assignments and commitments in capital construction, proceed from the fact that:

The measures for property responsibility for violating obligations of contractual agreements for capital construction, specified by the appropriate normative acts, are used toward purchasers and contractors only in the construction of objects included in the state order. In all other cases, the measures for responsibility for violating obligations in construction of objects are determined by the enterprises, associations and organizations in the contracts concluded;

Payment for the revenue of the state budget, when there is a disruption of the established periods for putting production capacities and objects into operation, is exacted from the purchaser and contractor only for structures built through state centralized capital investments;

In determining the amounts of the payment specified by the existing legislation for delaying putting into operation motor vehicle highways being built according to separate itemized lists, a time limit expiration during which, because of temperature conditions, work on laying road coverings is forbidden, is excepted. In this case, for a delay of over a month in putting the highway into operation, payment in the amount of one percent is exacted regardless of the temperature conditions in the construction period.

5. USSR Gosstroy, in a 3-month period, is to prepare, with the participation of USSR Gosplan, the USSR Ministry of Finances and the USSR Ministry of Justice, and to present to the USSR Council of Ministers, proposals on introducing changes in the existing Rules on Contractual Contracting for Capital Construction and other resolutions of the USSR Government, specifying property responsibility for enterprises, associations and organizations for violating obligations in the sphere of capital construction, in consideration of the directives contained in the present decree. In preparing the proposals, the Rules specified will include problems of legal regulation of the relations of the organizations—general contractors with subcontracting organizations.

6. Acknowledge that the force of Item 4 of the Decree of the USSR Council of Ministers of 26 December 1986, No 1550 "On Approving the Rules on Contracts for Contracting for Capital Construction," (USSR Communist Party, 1987, No 4, p 19) has been lost.

#### On Freight Transport

7. In order to reinforce state discipline in the work of railroad transport enterprises and intensify their responsibility for timely delivery of transport resources and prompt supply of freight and for the consignors—for efficient use of specialized rolling stock:

Double the amount of responsibility of the railroads for late delivery of refrigerator and other specialized cars, and of consignors—for failure to use the above cars assigned to them in accordance with the established procedure. The list of specialized rolling stock is determined by the Rules on Transport of Freight, approved according to the established procedure;

Increase the responsibility of the railroad transport enterprises for expiration of the period for delivering freight, after establishing the maximum amount of fine for this violation as 90 percent of the transport charge.

8. Note the fines, specified by the Rules for USSR Railroads, approved by decree of the USSR Council of Ministers on 6 April 1964, No 270, for incorrect indication by the consignors of the freight items, as well as for failure to pay when turning over freight for railroad transport.

9. The USSR Ministry of Railways, USSR Ministry of the Maritime Fleet, USSR Ministry of Civil Aviation and the RSFSR Ministry of the River Fleet will prepare, with the participation of the USSR ministries and departments and other interested organs, proposals for carrying out the existing transport regulations (codices), and also resolutions for the USSR Government on problems of responsibility for nonfulfillment or improper fulfillment of obligations for cargo transport in accordance with the new conditions of economic operations. These proposals stipulate further intensification and development of contractual relations between transport enterprises and enterprises, associations and organizations—consignors and receivers, and for improvement, on this basis, of mutual responsibility of the parties for violating the obligations adopted for themselves. Proceed, in this case, from the need to adhere to the principle of equal responsibility of transport organizations, consignors and receivers for violating mutual obligations for cargo transport. Present the appropriate proposals to the USSR Council of Ministers before 1 December 1988.

### On Supplying Electric and Thermal Power

10. Increase the responsibility of power-supply organizations for uninterrupted provision to enterprises, associations and organizations consuming electric and thermal power, and of consumers—for efficient use of power, by establishing that:

a) Power supply organizations will pay the consumers:

In cases of interruptions in power supply through their fault—a fine amounting to ten-fold the cost of the non-issued electric power and five-fold the cost of the non-issued thermal power;

In case a reduced quality of energy is supplied (with deviations from the established parameters above the permissible limits)—a fine amounting to 25 percent of the cost of this power will be paid;

b) Power consumers will pay the power-supply organizations ten-fold the cost of the electric power and electric capacity and five-fold the cost of the thermal energy expended above the amount specified by contract for the corresponding period.

Acknowledge that items 18-20 of the Statute on the Procedure for Establishing Limits for the Consumption of Electric Power and Electric Capacity, and the compilations and use of charts restricting the consumption and disconnection of electric power have lost their force.

11. Repeal the established procedure for withholding sums of higher payment exacted from enterprises and electric power plants for gas expended as fuel above the approved limits, and for the production cost of the product generated by them, as not in accordance with the USSR Law on the State Enterprise (Association); recognize, in connection with this, that the paragraph of the second order mentioned has lost its force.

### On Accounts in the National Economy

12. Because of regulating the economic sanctions for more serious violations of state planning and contractual discipline and intensifying personal responsibility for specific officials, guilty of write-ups and other violations, the following changes will be introduced into the system of economic (property) responsibility for violating the rules of completing the accounting operations:

a) Reduce the amount of the fine paid in favor of the bank by the supplying enterprise (consignor, organization rendering the service), and in appropriate cases by the payer (check signer), with the presentation of accounts (other accounting documents), with full or partial absence of an actual shipment (issue) of commodity-material valuables or actual rendering of services, from 7 to 4 percent;

b) Reduce the amount of fine exacted from the construction, installation and other organizations for overstating the volumes and cost of the construction and installation work performed (including the cost of equipment included in the volume of capital investments but not actually turned over for installation), planning-research, drilling, geological prospecting, repair-construction and start-up- and adjustment work, from 10 to 7 percent;

c) Repeal sanctions:

For late presentation or late dispatch to the bank by procurement organizations of composite payment drafts to transfer to the account of the deliverers of agricultural products the sums owed to them, eliminating a double application of sanctions for the same violation, since the procurement organizations bear direct responsibility to the deliverers for the late payment for the product;

For failure of the enterprises, associations and organizations to notify the bank of sums erroneously entered into an account and failure to present, in the established period, confirmation of the balance of the current or other account;

For individual violations committed by banks in carrying out account operations without showing a substantial economic effect on the results of the actions of the parties;

d) Renounce the exacting of a fine for the income of the budget, applied to enterprises, associations and organizations which are to blame for not removing (not unloading), in the established period, commodity-material valuables or which have not rendered services preliminarily paid for by the payer upon requirement or with the agreement of the supplier (organization rendering the service).

13. For the purpose of unifying the norms specifying the responsibility of the payers (purchasers) for deviation from payment of the sums added on for other enterprises, associations and organizations, establish that for an unwarranted full or partial refusal to accept the payment requirement, and also for deviation from the payment for the commodity-material valuables acquired, work fulfilled or services rendered in other forms of accounts, the payer (purchaser) pays the appropriate enterprise, association or organization a fine amounting to 5 percent of the sum of the payment which it refused (evaded).

### On Nature Management

14. Establish that, in case of violating legislation on nature management, the enterprises, associations and organizations bear the responsibility in the amount of the damage actually inflicted and take measures to eliminate the violations made and their adverse effects, if the legislation has not established higher responsibility for specific types of such violations.

15. Acknowledge the need to retain the sanction specified by the Rules on Releasing Stumpage in the Forests of the USSR, approved by decree of the USSR Council of Ministers of 30 October 1981, No 1045, only for gross violations of the established procedure for forest management, repealing the penal responsibility for violations of a partial nature, without causing damage to the forest economy.

16. Entrust the Institute of Economics and the Institute of Law and the State of the USSR Academy of Sciences with drawing up and presenting, in the third quarter of 1988, to the Commission for Improvement of Management, Planning and the Economic Mechanism, proposals on the method of determining the amount of damage caused by the enterprises, associations and organizations, through violations of economic contracts and proper reimbursement in accordance with the USSR Law on the State Enterprise (Association).

17. The Commission for the Improvement of Management, Planning and the Economic Mechanism, with the participation of the USSR State Board of Arbitration, will carry out a periodic analysis of the efficiency of the existing economic (property) sanctions applied to enterprises, associations and organizations; in the necessary cases take measures to ensure their greater coordination with the principles of the new system of management, and, on problems requiring the decision of the USSR Government, introduce the appropriate proposals to the USSR Council of Ministers.

18. Confirm the measures proposed which are introduced for the decisions of the USSR Government.

19. The councils of ministers of the union republics, on the basis of the measures specified by the present decree will, in a two-month period, work on reducing and regulating the economic (property) sanctions established by the legislation of the union republics.

#### **Khozaschet Implementation on Ministry-Wide Level Assessed**

18200117 [Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 49 for December 1988 carries on pages 12-13 a 2500-word article by USSR Minister of Geology Ye. Kozlovskiy entitled "The Sector: Significant Arguments of Experience." Kozlovskiy states that 63 out of 100 scientific-production associations and 16 out of 35 scientific-research organizations of the sector have changed over to the second model of khozaschet. Although the main work of the geological prospecting sector is financed by the state, Kozlovskiy points out that self-financing in the production and social sphere as well as in the formation of wage funds at geological enterprises has yielded significant savings and benefits. "All indicators of production-managerial activity at enterprises working under full economic accountability are quantitatively and qualitatively better than at those working in the old way."

Income grew 24 percent and expenditures were lowered by 40 percent. The brigade system of labor is used extensively. However, as Kozlovskiy writes, the ministry is not getting a great deal of support from other state bodies. For example, USSR Goskomstat has introduced a bookkeeping system which does not include all the data needed to make decisions on the sector level, including for such processes as price formation. "The USSR Ministry of Geology, responsible for guaranteeing mineral raw material resources for the national economy over the long range, cannot help but worry about questions of their rational use." According to Kozlovskiy, resolution of these and other problems would ensure the economic interest of all of the sector's combines and organizations in the maximum efficient use of all resources "from extraction to raw material processing."

#### **Difference Between First, Second Model of Khozaschet Explained**

18200100 Alma-Ata PARTIYNAYA ZHIZN  
KAZAKHSTANA in Russian No 9, Sep 88 pp 42-45

[Article by A. Vikhman, deputy director of the Chimkent Petroleum Refining Plant: "The Chimkent Variant"]

[Excerpt] The law on the State Enterprise envisages the transfer to self-financing using one of two models. However, the Law says nothing about which of these to take as a basis. It is simpler, of course, to select the first, which is usually preferred. It is based on the normative distribution of profits. Accounts settled with the state budget (payment for production funds, natural and labor resources) and higher organs are produced from profits. They also pay for interest on credit. The remainder is at the disposal of the enterprise and is distributed according to normatives into the fund for the development of production, science and technology, the social development fund, and the material stimulation fund.

The second model is based on the normative distribution of gross income—receipts of the enterprise taking into account material expenditures on the production and sale of products. Accounts settled with the budget, with higher organs and with the bank for credit are produced the same way. The remainder—the economically accountable income, is distributed according to normatives into the fund for the development of production, science, and technology and the social development fund. Along with this, a specified percentage of the economically accountable income goes into a single wage fund (and not only bonuses) which, as we see, is directly dependent on the economically accountable sum. The second model involves a significantly higher risk since this variant, as different from the first one, does not give the enterprise the possibility to work with losses and at the same time pay the collective's wages in good order.

**Second Model of Khozraschet Diagrammed**  
18200115 Moscow *EKONOMICHESKAYA GAZETA* in  
Russian No 49, Dec 88 p 12

[Text]

**Significance of Group A, B Comparisons  
Downplayed**

18200062 Moscow *PLANOVOYE KHOZYAYSTVO* in  
Russian No 10, Oct 88 (signed to press  
20 Sep 88) pp 3-13

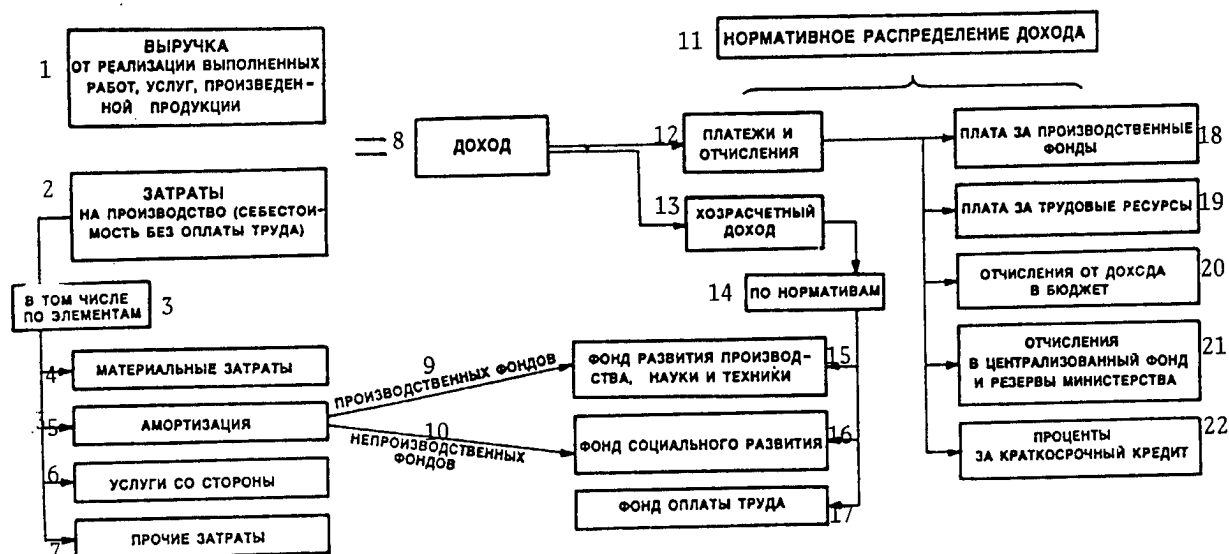
[Article by Ye. Ivanov, candidate of economic sciences:  
"Management of Structural Shifts in the Economy  
(Problems and Judgements)]

[Text] Restructuring the management of the economy  
has confronted the theory and practice of economic

planning with a number of very complicated methodological problems. One of them is the search for fundamentally new methods of regulating structural shifts according to plan. In the context of full cost accounting (*khozaystvennyy raschet*) and self-financing an immense number of matters having to do with compiling the production program, enlargement of production capacities financed with the enterprise's earnings, product renewal, and so on, are now dealt with in the basic economic entity. The independent, i.e., decentralized, decisions which enterprises make concerning these matters directly and immediately determine structural shifts in the economy as a whole.

At the same time, the task of centralized shaping of the proportions of the national economy and planned guidance of those proportions have by no means been dropped from the statewide plan, nor consequently, have they ceased to be a concern of the central economic

**Second Model of Economic Accountability**  
**ВТОРАЯ МОДЕЛЬ ХОЗЯЙСТВЕННОГО РАСЧЕТА**



Key:

1. Receipts from realized fulfilled work, services or products produced
2. Expenditures on production (production cost minus wages)
3. Including the elements
4. Material expenditures
5. Amortization
6. Services done on the side
7. Other expenditures
8. Income
9. Production funds
10. Nonproduction funds
11. Normative distribution of income

12. Payments and deductions
13. Economically accountable [*khozraschetnyy*] income
14. According to normatives
15. Fund for development of production, science, and technology
16. Fund for social development
17. Wage fund
18. Pay for production funds
19. Pay for labor resources
20. Deductions from income into the budget
21. Deductions into the central fund and reserves of the ministry
22. Interest on short term credit

authorities. On the contrary, the material of the June (1987) Plenum of the CPSU Central Committee emphasizes that defining the priorities and directions of structural and investment policy is a most important function of centralized planning. The decree of the CPSU Central Committee and USSR Council of Ministers entitled "On Restructuring Planning and Enhancing the Role of USSR Gosplan Under the New Economic Conditions," which was issued immediately after the plenum, explicitly states that "USSR Gosplan, as the central body in management of the economy, bears the full extent of responsibility for...scientifically sound shaping of economywide, intersector, and regional proportions...."<sup>1</sup>

So, on the one hand the role of the center in shaping and accomplishing structural shifts in the economy is being strengthened, while on the other specific economic and production decisions on which those structural shifts directly depend are being made by enterprises, associations, and organizations on a decentralized basis. This is the seemingly contradictory problem which has to be solved in methodological and practical terms.

#### The Role of the Plan in Management of Structural Shifts

The vitality of any economy depends upon a certain set of factors. The most important of them is the economy's ability to adapt quickly and effectively to new requirements engendered by scientific-technical progress, by development of mineral deposits and new regions, by a change of public demand, and by the foreign economic situation. This kind of adaptation is achieved above all as a consequence of constant structural shifts in the economy. Macroeconomic, intersector, and intrasector proportions and the product mix undergo change, and new production operations are started up.

The faster these structural shifts take place, the more effectively the economy develops. Conversely, one of the indicators of an economy's sluggishness is the tendency of economic and production structures to resist change. Economists and planners have always understood this. It is for that reason that the basic documents of the party and government on the prospects for economic development have contained a large number of assignments related to structural shifts.

In the past, the sequence and procedure for planned regulation of structural shifts was rather rigid. The Basic Directions for the country's economic and social development over the future long-range period (and before them the Reference Figures or Directives) contained assignments related to structural shifts. The assignments were expressed both in quantitative parameters and also in the form of textual descriptions. Once approved by party congresses and the supreme bodies of government power, they became mandatory and were incorporated in 5-year plans as specific targets for a large number of indicators that were specifically assigned and ultimately broken down to the level of producers. Those same

indicators were approved in more detailed form in annual plans. In other words, targets guaranteeing structural shifts were contained in all the sections of the plan, at all levels of management, were broken down to each specific producer and were strictly mandatory. That same procedure was still retained when the 12th FYP was drafted. Probably the most characteristic feature of the 12th FYP is the vigor of its structural policy. The plan outlined **structural shifts as a most important element of the conception of accelerating the country's socio-economic development, just as important if not perhaps more important than raising the growth rates of macroeconomic indicators.** The Basic Directions for the country's economic and social development over the period 1986-1990 and up to the year 2000 are literally shot through with assignments and principles concerning structural shifts.

As the transition is made to the new economic system, many of the assignments reflecting the methods of direct centralized planning and management have passed over into the sphere of decentralized formation on the basis of direct contractual relations between supplier and consumer and into the sphere of operation of the socialist market, which is gradually gaining strength. This process promises to become more important in the 13th FYP. What must be the role of the centralized plan in accomplishing structural shifts? Not only has the time come for a straightforward answer to this question, it clearly has been delayed. The drafting of the Conception of the country's economic and social development over the period up to the year 2005 is nearing completion at this point. In the 1st half of 1989 the work will be done to shape the Basic Directions of the USSR's Economic and Social Development Over the Period 1991-1995 and the decade that follows. These documents will, of course, define the most important structural shifts in the future, and after appropriate discussion and approval they will take on the status of the structural policy of party and government. This structural policy must in 1990 become the basis of the 13th FYP and must be backed up with an appropriate economic planning mechanism. It is precisely here that we need at this point completely **new methods and approaches which are unfamiliar to our planning practice.**

We need above all an answer to the following questions:

- Is it really necessary to retain centralized planned management of structural shifts?
- If so, then do all structural shifts have to be managed centrally, or should a number of them be omitted from the system of statewide planning?
- What should the methods be for economic management from the center of those structural shifts which are retained as the object of statewide planning?

The reader might, of course, say that there is at least one more question here of the greatest importance: How are structural shifts to be correctly defined in the statewide plan? And as a matter of fact, the meaning of the three

questions put above is lost without an answer to this question. But that is already another topic. It has in part been covered in the article entitled "The Problem of Priorities in Socialist Planning."<sup>2</sup> This article poses another problem: how to manage structural shifts that have already been defined (correctly, we hope).

So, the first question: Do structural shifts have to be managed from the center by definition? This is by no means an idle question. Recently, quite a few articles have appeared reflecting a negative attitude toward central planning. Here is one of the opinions that has been typical in recent years: "For decades we have been assured that planned management of the economy is one of the main advantages of socialism. Unfortunately, neither past results nor the present state of affairs in the country confirm the absoluteness of that postulate. But that is not hindering us from remaining its slaves."<sup>3</sup> Unfortunately, we might add, much, though by no means all, in our past and present reality furnishes occasion for judgments of this kind. Yet it still is not possible to look at this statement as a positive and constructive point of view. The planned management of the economy is indisputably an advantage, but quite often it is still being poorly used; what is more, in a number of cases this advantage has become detrimental because of actions that were not well-thought-out. And the conclusion that follows: the center must not be deprived of the right to guide the economy, but the right objects have to be found for planned central guidance and the right methods have to be found for exercising it, methods that do not infringe on independence of commodity producers.

**Structural shifts should be one of the principal objects of central planning.** This is where the advantage of planned management of the economy can display itself fully and where economic methods of exerting pressure on social production that preclude the necessity of administrative intervention in the affairs of enterprises have been discovered and applied effectively.

It would, of course, be a naive error to suppose that detailed planning of a large number of indicators from the center guarantees adherence to planned proportions and accomplishment of the structural shifts that have been outlined. A great number of examples could be given where in past FYP's the main proportions of the economy were not adhered to as established under the conditions of rigid central planning. For instance, in a number of FYP's the growth rates of Group B of industry were to be higher, but as a rule this was not done, and this task was performed only in the 11th FYP, although even then not on the scale that had been planned.

**At the same time, it is incorrect** to completely deny the impact of the direct planning targets on achievement of proportions in the national economy. For instance, it is worth recalling that such indicators as the volume of production of Group B of industry and production of consumer goods per ruble of wages were approved as

mandatory indicators only in annual plans in the course of the 11th FYP. There is no doubt that assignment of these indicators as mandatory targets did drive enterprises in that stage to increase the output of Group B of industry. It needs to be stated quite definitely that this is not a fact that can be regarded as unambiguously favorable, since we are talking about quantities in value terms. Those quantities have to be filled with specific goods, and the main thing is that those be goods which the population needs, and that is exactly what did not happen in a number of cases. The command planning of such indicators sometimes actually drove enterprises to excessively inflate the volume of output in value terms, just in order to fulfill the planning target, by producing goods from expensive materials that were not in demand and which accumulated in the form of above-allowance inventories. There is no question that that kind of achievement of national economic proportions is not necessary. But a fact remains a fact: faster growth of Group B was planned, a mandatory target was issued for that proportion in annual plans, and it did take place.

In the current 5-year planning period, assignments for the output of Group B of industry have been retained in the statewide plan, but they are no longer targets which are binding on enterprises. Can we suppose that this was the reason why the targets in the 5-year plan for this parameter were not fulfilled in 1986 and 1987? Of course not. There were many reasons for nonfulfillment of a number of important structural shifts in the national economy outlined by the 27th CPSU Congress. But there is no question that one of them was removal of these targets from the system of direct command planning.

In the 1st half of 1988, Group B of industry was developing at a faster pace. And we can hardly deny here the role of including the entire assignment for production of consumer goods in value terms in retail prices in the state order, although this is not the only factor.

Incidentally, in the first 2 years of the 12th FYP the structure of capital investments showed the highest degree of accomplishment of structural shifts. To a considerable extent this is where the centralized methods of planning were still in effect. For example, after the decision was made to redistribute capital investments to the advantage of the social sphere, indicators to that effect were included in the plan in the form of limit-allowances, and the target was fulfilled.

Our purpose in saying this is by no means to justify the advisability of retaining certain mandatory targets and levers in the centralized plan. In economic life, the taking of any fundamental decision (and exclusion of a number of targets determining structural shifts from the sphere of mandatory planning is a fundamental decision) always raises new problems. One cannot close his eyes to the possibility and probability of these problems occurring and console himself with the knowledge that the direction of the particular decision taken was correct. This approach, as is well-known, can result in adverse

manifestations of sluggishness. On the contrary, we need to thoroughly discover all possible difficulties along the route of implementing fundamental decisions which have been made so that they cannot be discredited.

### Structural Shifts As An Object of Central Planning

So, the second question: Is there a need for central pressure on all those proportions which we have always been used to as an object of rigid planning? It would seem that the interest of the state and of central economic authorities in various types of structural shifts, reflected in the indicators of the state plan, does have its peculiar features.

**In the new economic system, a number of structural shifts which previously were the object of rigid command planning are now to be entirely shaped as a result of the functioning of the socialist market.** The attitude of the state toward them can be described in simplified form as approximately the following approach: "It matters not how, just so the consumers are satisfied." It is evident that these structural shifts should not even figure in preplan and planning documents, including such very important documents as the Conception of the country's economic and social development over the 15-year period, the Basic Directions, and the 5-year plan. As a matter of fact, if the state is giving up the direct regulation of proportions of this kind, then it also should not define them in documents subject to approval by government bodies. It is evident that central authorities have to give up assignment of detailed indicators which are clearly not binding on the actual producers.

These are the premises on which one should make an inventory of the proportions and structural shifts which have customarily been included in multiannual plans and which have been the objects of planned guidance.

First as to the macrolevel. There is no doubt that one of the most important macroeconomic proportions is the structure of the national income, its breakdown into the consumption fund and the accumulation fund. This proportion, although it reflects an immense number of planning targets in the most summary form, is ultimately determined by a rather limited number of quantities: retail sales of state and cooperative trade, development of the sphere of nonproduction services, capital investments, and the growth of physical inventories within working capital. Moreover, the structure of the national income is mostly determined by sales and capital investments. These two quantities were previously the object of rigid central planning.

Thus even such a summary macroeconomic proportion as the structure of the national income has as a practical matter become entirely a mandatory assignment that is

specifically assigned. Now it will not be. Even in 1989 retail sales are being planned as a mandatory target that is specifically assigned only with respect to the share of state trade in the state order. And in future even it will cease to be used as a mandatory central target. Approximately half of capital investments will be the enterprises' own resources, which are also excluded from the sphere of central planning.

But still, in our opinion, we should not give up the central management of this proportion: it reflects **fundamental elements of economic policy**. A fundamental approach to the ratio between the consumption fund and the accumulation fund is for the planner the point of departure in shaping all the sections of the plan, economic levers, and the taking of any planning decision. It might be regarded as the tuning fork of planning. And perhaps it is a good thing that the proportion will not be an explicit object of planning with specifically assigned targets. The entire plan must be imbued with the idea of achieving the policy that has been adopted in distribution of the national income. That is why it seems fundamental and mandatory to include this ratio in statewide planning documents and to constantly monitor progress in achieving the planned proportion.

Can we specifically enumerate as an example those proportions which should be entirely freed of central regulation? This is something that, of course, needs to be done, even though stereotypes concerning many proportions are still too alive in our minds. Take, for example, the ratio between the growth rates of output of Groups A and B of industry, which is considered one of the most important proportions in the national economy. In the articles he has written, the author has repeated many times and demonstrated the need to pay closer attention to this question. Now, if we cast aside our usual stereotypes and attempt to look at the problem in a new way, then we see that the proportion between the output of A and B of industry still does not altogether answer the main questions: Are the needs and demand of the public being satisfied, do the stores have the produce and goods that are necessary, and how is the level of consumption rising and its structure changing? The history of our economy demonstrates that quite often as a practical matter the degree of solution of these problems does not depend on the ratio between the growth rates of the output of Groups A and B of industry. It can be said that the public's level of consumption of material goods is determined not by the proportion between Groups A and B of industry, but by the growth of production of consumer goods regardless in what ratio it stands to the growth rates of Group A. The figures in the table indicate that the change in the ratio between Groups A and B of industry often does not coincide with the change in the growth rates of real personal income.

Average Annual Growth Rates of Industrial Output and Real Personal Income, in percentage

	1961-1965	1966-1970	1971-1975	1976-1980	1981-1985	1986	1987
Industrial output	8.6	8.5	7.4	4.4	3.7	4.9	3.8
Group A	9.6	8.6	7.8	4.7	3.6	5.3	3.8
Group B	6.3	8.4	6.5	3.8	3.9	3.9	3.8
Ratio between the growth rates of Group B and Group A	0.66	0.98	0.83	0.81	1.08	0.74	1.00
Real per capita personal income	3.6	5.9	4.4	3.4	2.1	2.5	2.0

So, over the last five FYP's it is only in the 11th that the growth rates of Group B of industry were higher, and that is precisely when the growth rates of real personal income were lowest.<sup>4</sup> Of course, in the 8th FYP (1966-1970), when the ratio between Groups A and B had altered essentially to the advantage of Group B, the growth rates of real personal income did rise substantially, but not because the growth rates of Group A had slowed down, but because the growth rates of Group B had risen. If we compare the 10th and 9th FYP's, there was practically no change in the growth rates of these two groups of industry, but the growth rate of real personal income dropped appreciably. Although in 1966 the ratio between the growth rates of Groups A and B of industry "deteriorated" (for some reason that is the way we usually refer to it) sharply by comparison with the previous 5-year period, the growth rates of real income even increased somewhat at the same time.

However, there has been a "struggle" over this proportion extending over several FYP's. Nor has the struggle always been successful, and at times it has even inflicted certain harm. In view of how extremely provisional the division of total industrial output is into Groups A and B, and given the constant pressure from the center to adhere to the ratio outlined, there has been a quite intense redistribution of various products into Group B which previously were counted in Group A. In this, there has been greater success.

Under the new economic conditions practice has already moved on to planning and regulating the production of consumer goods, which is denoted in altogether different terms. We are referring to the delivery of consumer goods in retail prices and so on. Now, what we call the struggle for the ratio in growth rates between Groups A and B of industry appears simply an anachronism.

Another proportion is the share of capital investments for reconstruction and retooling of existing enterprises in industrial construction. An important proportion. But the role of the center and of work collectives is undergoing essential change in its formation. No one has the right (and, most important, there is in fact no need for it) to intervene in the enterprise's choice of the purposes for which it uses its own resources. Enterprises can also decide to expand production. So that the share of outlays for retooling and reconstruction will be determined at the enterprises themselves. There is not supposed to be any administrative pressure on them at all.

At present, there is another proportion which is probably subject to a greater impact from the statewide plan: the ratio between centralized and noncentralized capital investments. This is an extremely important proportion that on the one hand determines the scale of the enterprises' own resources for development of their own production and solution of the collective's social problems, while on the other it determines the capabilities of the center to carry out statewide programs.

Should the proportion between centralized and noncentralized capital investments be the starting point, i.e., determined at the macrolevel in statewide plans and then realized through standard economic rates? Or, conversely, should the standard economic rates first be shaped solely on the basis of the cost-accounting interests of enterprises, and then the proportion between centralized and noncentralized capital investments would itself take shape as a function of the standard economic rates and the country's total investment capability, which as a rule are very rigidly determined?

The opinion of the economics community has clearly taken shape in favor of the latter strategy, which is not, however, beyond dispute. **If the interests of the collective and those of the entire state are to be taken into account, then neither can be ignored.** It is their harmonious combination that needs to be achieved. When applied to the problem in question, it must be achieved when the work is done to draft the Basic Directions. Equal consideration should be given here to the cost-accounting interests of enterprises and to statewide requirements for centralized capital investments to carry out major national programs (assuming, of course, that they have been chosen correctly). The proportion between centralized and noncentralized capital investments determined in the course of the workups must assume the character of a mandatory directive during further work on the 5-year plan.

And yet another investment proportion: between production and nonproduction construction projects—is an important element of the party's social policy. There is no question that this proportion must be the object of rather rigid central planning, since to a considerable extent it determines the character of economic development as a whole.

At present, the share of capital investments in construction of nonproduction facilities is rising sharply. Assignments of the 5-year plan for this parameter are being



substantially overfulfilled for many facilities in the sphere of social welfare, especially housing, which is a very gratifying fact. But even now thought should be given to the reasonable limits of siphoning resources from production into nonproduction construction so that in the future a slump of investment activity is not initiated because of a lack of resources for production. In various countries, it is this that has always been a harbinger of a crisis situation, and at present we have managed to halt that situation through a substantial growth of capital investments. That is why this proportion must be an object of the most rigid central planning.

**Proportions in development of the individual branches** or groups of branches of industry have occupied a large place in our plans in the past. For example, the Basic Directions for the Economic and Social Development of the USSR Over the Period 1986-1990 defined targets for growth rates of manufacturing and fuel and raw materials branches, for faster growth of machinebuilding, faster growth of certain priority sectors within machinebuilding, and so on. There is no question that these are essential structural shifts. But the danger from including such proportions in the Basic Directions is that later they are embodied in the reference figures for the volume of commodity output (it cannot be otherwise!), and however much we assert that these are nonbinding assignments, in fact they inevitably become mandatory. The system of statewide and economic management is aimed at carrying out the decisions developed by the CPSU. If they include the order to achieve a faster growth of some branch, the indicator of the growth rates of commodity output immediately figures as a most binding indicator. When such proportions are included in the drafts of statewide decisions, a discrepancy may be formed between the rights of enterprises and associations on the one hand and instructions they receive from higher-level authorities for management of the economy.

But, in our opinion, these proportions should not be dropped from the sphere of central management. The principal lever of management must operate **through the sectoral structure of capital investments**. The sectoral structure of capital investments (through sectoral distribution of their centralized portion) must in fact become a most important object of statewide planning.

The Basic Directions for the Economic and Social Development of the country over the period 1986-1990 contains a large group of structural targets for so-called summary indicators of scientific-technical progress: the renewal of fixed capital, including its active part; the rise in the level of automation of production; the increase in the share of production of new products in machinebuilding and of industrial products classified in the superior-quality category, and so on.

It is evident from the list of indicators that they all have to do with the activity of enterprises; to be sure, they are included among the reference figures which are not binding on them. If these indicators are not to be

mandatory, they need not be included in the directive document. The approach to them, in our view, must be as follows: accomplishment of these structural shifts directly at enterprises should be stimulated through cost-accounting conditions. If structural changes in the necessary direction are made with difficulty (assuming confidence that the direction really is economically sound), then they are disadvantageous from the standpoint of cost accounting and therefore it is reasonable to resort not to the methods of administration by command, but to adjustment of the conditions of cost accounting.

The next very large group of structural targets includes changing the product mix by sectors, increasing the share of the most progressive products. Although there are many assignments, each of them ordinarily pertains to only one production operation and does not affect others. It would be advisable to retain them as an object of central planning.

We have not, of course, examined all proportions by any means that objectively exist in the economy or have traditionally been present in planning documents. What is important is the approach to selecting the structural shifts which must be the object of central planning. The basic principle here is as follows: structural shifts must actually be very important, must reflect goals of the entire state, and their centralized management must be accomplished without infringing on the rights of enterprises, associations, and organizations which possess real economic independence. Which leads to the conclusion: **even if we give up central planning** of a number of structural shifts, many of them still **must be managed from the center**. Consequently, there is a need for effective levers for that kind of management in which an unflinching condition would be observed: no violation can be allowed of the rights of the basic economic entity extended to it by the USSR Law on the State Enterprise (Association). There are such levers.

#### Centralized Levers for Management of Structural Shifts

First of all, there is the entire system of stable standard economic rates. In the pages of the press, disputes are still raging over what they should be like and what their functions should be. But rarely is it mentioned, and even then sometimes one-sidedly, that these standard economic rates are related to structural policy. For example, in an article entitled "Planning Standard Economic Rates for the 13th FYP (Functions and Methodology)" by E. Figurnov,<sup>5</sup> who unlike most authors does actually link the formation of standard economic rates to macroeconomic proportions, only one aspect of the problem is taken up: the dependence of these standard rates on the structure of the national income. But economists have not always paid attention to the far more complicated and important problem of **using the standard economic rates as a lever for planned management of structural shifts**.

It is significant that these topics have been professionally and organizationally separated. Quite often the standard rates are the concern of those who specialize in the economic mechanism, and other specialists are concerned with the structural problems of the economy, sometimes specialists that are rather far away from the problems of the economic mechanism. Yet the standard economic rates and structural shifts are matters inseparably bound up with one another.

Even in a capitalist economy the single rate of profit—the main incentive category—came about and operates above all as a mechanism for the siphoning of capital, i.e., as a mechanism guaranteeing structural shifts. Even more in our case the economic mechanism must serve to carry out structural policy to a far greater degree.

The predominant view at present is that uniform standard economic rates creating equal cost-accounting conditions for enterprises need to be developed so that they earn their own resources for remuneration of workers, for social development of the collective, and for the development of production. From the standpoint of management of structural shifts this principle is highly debatable when applied to the standard rates used to build up the fund for production of development and science and technology.

All worker collectives must, of course, confront equal cost-accounting conditions for formation of the wage fund, the incentive fund, and the fund for social development. They should not suffer because in a particular segment of time their branch has not been considered one with priority, and although it is necessary to the economy, its growth rates are to be held back somewhat as compared to others on the basis of the overall structural policy.

At the same time, recognition of a branch's priority importance is not something the workers have earned, nor should they receive any personal gain from that fact. This should be an expression both of achievement of social justice and also appreciation of the interests of the working collective and of every worker.

But the fund for development of production must be built up so as to take into account the priority of the branch, the production grouping, or the product. There is no question that **a production operation that is to enjoy faster growth in the future must also have greater opportunities to build up its own resources for development.**

We should emphasize that centralized regulation of the proportions of funds of their own which enterprises build up can best be done by means of the standard economic rates from the standpoint of the possibility for structural shifts. A comprehensive system of standard economic rates should be used for that purpose.

First, it is advisable to differentiate the standard rates for transfers from profit or cost-accounting income paid into the budget so as to take into account the priority of the branch and of the type of production operation. The rate determines the relative and absolute size of all resources left to enterprises. But, as we said above, this should not affect funds that determine remuneration and development of social welfare, and that is why differentiation of the standard rates of transfers to the budget will inevitably necessitate sectoral differentiation of the standard rates for distribution of profit or income among the funds of the enterprises.

Strong pressure for structural shifts can be exerted by sectoral differentiation of the charge on assets, depreciation rates, and interest rates on credit. Here again the tendency is to be uniform. However, these are very effective economic levers for the management of structural shifts (assuming, of course, that they are skillfully used). Each of them affects a quite definite aspect of the process of reproduction. It is not enough to use one of them to manage structural shifts.

It would seem that prices should be the most important economic lever for structural shifts. It is through them that it is possible to regulate the quantity of resources an enterprise earns. There is no question that that will in fact take place to a considerable degree in the sphere where contract prices are in effect. A mechanism that guarantees a flow of money into branches whose products are in great demand is quite suitable there. The question is how broad the sphere of operation of contract prices will be and whether it will embrace exceedingly important national economic proportions or be limited to products of secondary importance. In any case, the use of centrally set prices cannot be renounced in regulating structural shifts.

But even in prices the task is now being advanced of achieving equal requirements for all sectors as to utilization of fixed productive capital and labor resources by enterprises by applying uniform standard rates for the formation of profit. The new centrally set prices are thereby excluded for all practical purposes from among levers for management of structural shifts. Emphasis, then, should be put on the standard economic rates.

There is no question that **the state order is a very effective instrument for centralized management of structural shifts.** To be sure, it does not directly affect macroeconomic proportions, but rather the product mix, but this is a very essential aspect of structural shifts. The Temporary Regulation on Procedure for Forming State Orders for 1989 and 1990, which has been approved by the USSR Council of Ministers, explicitly indicates that state orders are being established for delivery of certain products necessary above all to perform statewide and social tasks, to carry out scientific-technical programs, to strengthen defensive capability, and to guarantee the country's economic independence.

The impact of the state order on the product mix is all the greater because it operates in close interaction with the reference figures, and, most important, with the limit-allowances of centrally distributed physical resources. That is why centralized management of structural shifts has been rather reliably covered with respect to product mix in the state plan.

And finally, centralized state capital investments are a fundamental lever for planned pressure toward structural shifts. They must work in close interaction with noncentralized capital investments formed on the basis of the standard economic rates. But if these rates do not take into account the requirements of optimum structural shifts, then the resources of enterprises committed to raising the technical level of production, renewal of fixed capital and products, raising efficiency, and so on, will preserve the sectoral structure of social production. It will be difficult for these resources to pass over to other sectors and types of production operation, and new forms will have to be found for their redistribution. This represents a very broad field for research and possible solutions.

Shaping the standard economic rates so as to take into account the need to accomplish structural shifts will make it possible, as we said above, to use noncentralized capital investments for this purpose as well. But noncentralized capital investments in existing production will not be able to guarantee particularly large structural shifts, to create new branches and types of production operation, or to develop new territories.

Structural shifts of this nature can be managed above all by means of state centralized capital investments. The state as represented by central economic authorities must have in its hands a kind of "controlling block of stock" in the form of centralized capital investments, and this moreover must be a rather sizable block.

Thus even in the new system of economic activity there is a **broad range of economic and planning instruments for centralized pressure toward structural shifts**. It is so broad that it allows the center to exert appreciable influence on production, but the pressure must not be excessive, especially in reference to the multiannual period. If in the course of carrying out the 5-year plan new circumstances arise which the plan did not take into account (a technical discovery, the foreign economic situation, and so on), then the planned proportions must react sensitively to them. The most effective instrument for adapting the proportions in the plan to new circumstances that have arisen might be the reserves included in the plan, i.e., resources not distributed and not activated in advance.

The set of instruments for planned management of structural shifts covered above imposes strict requirements on their use and demands particular discretion and caution in their use, which can be guaranteed only if the problems of forming the standard economic rates,

the state orders, prices, and interest rates on credit are solved in close linkage to one another and also to the structural shifts that have been outlined. Many shortcomings that have arisen in the course of the economic reform are occurring because of independent solution of problems which objectively are closely interrelated, but are organizationally separate.

#### Footnotes

1. "O korennoy perestroyke upravleniya ekonomikoy" [On Radical Restructuring of Management of the Economy], Moscow, Politizdat, 1987, p 85.

2. PLANOVOYE KHOZYAYSTVO, No 11, 1987.

3. SOTSIALISTICHESKAYA INDUSTRIYA, 15 June 1988.

4. Real income is made up to a considerable degree from goods in Group B of industry, but not only of them, which is why there is no direct proportion between the growth rates of these quantities.

5. PLANOVOYE KHOZYAYSTVO, No 6, 1988, pp 83-84.

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#### Goskomstat Chairman Reviews Progress, Future Tasks

18200087 Moscow VESTNIK STATISTIKI in Russian No 9, Sep 88 (signed to press 14 Sep 88) pp 3-13

[Article by M. Korolev, Chairman of USSR Goskomstat [State Committee for Statistics]: "The Paramount Tasks of State Statistics Organs"]

[Text] A number of qualitatively new tasks for organs of state statistics that are to be solved in the near future ensue from the resolutions of the 19th All-Union Party Conference and the decrees of the July CPSU CC Plenum.

**The first area of operations** is the creation of **political statistics**, whose data will enable primarily the democratization of Soviet society to be described: participation of the population in controlling the state and its attitude toward various vital questions; the system of elections; the manpower and composition of party, Komsomol, trade-union and other social and soviet organs involved in the system; democratization of the forms of control within branches of the national economy; the social and economic development of the autonomous regions—republics, oblasts, okrugs, and so on.

In the observation stage, political statistics will be based upon **sociological research** and the study of social opinion, and, at the stage of presenting the results, the statistical information obtained will be made public.

Important, responsible tasks lie ahead for state statistics in the area of sociological research, in accordance with the June 1988 CPSU CC decree, "Raising the Role of Marxist-Leninist Sociology in Solving Pivotal Social Problems of Soviet Society."

In a short time a reliable statistical foundation for the development of Marxist-Leninist sociology under modern conditions must be created, and a Leninist understanding of the role of statistics in this very important area, which is of great importance for the ideological support of perestroika, must be reborn.

USSR Goskomstat is charged, jointly with the appropriate ministries and agencies, with the gradual forming of a system for studying social opinion on the most important problems of internal and international life.

Support for sociological centers and other users of statistical data is to be improved, based upon modern computer technology and the organization of automated data banks, with real-time access thereto by the customers for the information.

USSR Goskomstat and the USSR Academy of Sciences are charged with improving the methodology and methods of statistical sociological research, the forms and methods for obtaining and processing information, and the system of indicators for social statistics; with formulating a single interagency program; and with coordinating current plans for conducting All-Union sociological research.

In solving sociological problems, USSR Goskomstat must:

- pay special attention to increasing the depth of sociological analysis of economic, political, and the person's inner and moral processes, and the restructuring of social relations and their contradictions;
- study the social-class structure, the interests and requirements of social and demographic and vocational groups and strata, problems of social differentiation and integration, and consistency in the development of regions, cities and villages, and laboring collectives; and
- study the socialist form of life, national and international ties, routes for change in the content of labor and way of life, family and conjugal relations, and negative social phenomena and processes.

Work on budget surveys of the populace must be raised to a new level. Expanding the sampling of budgets from 62,000 to 90,000 families will enable their data to be used in studying major social problems. Another thing is important: the data of the budget surveys, which are open right now to a narrow circle of officials, should be placed in the category of widely published data. It is desirable to prepare specific recommendations on this question. Their preparation and coordination have been

vested in USSR Goskomstat's Social Statistics Administration, which, jointly with USSR Goskomstat administrations and sections, union republic goskomstats, and interested ministries and agencies, is required to prepare in the near future recommendations on the gradual forming of a system for studying social opinion on the most important problems: about a single interagency program for conducting All-Union sociological research; about organizing work on the identification of All-Union samples of permanent groups of the population for a dynamic study of the most important problems, and on a procedure for financing annual surveys based on these samples, and so on.

An economically accountable Bureau for Sociological Surveys, in which has been vested the conduct of special statistical observations, the study of social opinion and of family budgets, and the extension of other statistical services on a contractual basis, has been created in the Information Publishing Center.

Later the **openness of statistics** should be still more widely developed. This ensues directly from the resolutions of the 19th All-Union CPSU Conference "Openness," which compels to a great extent that a new look be taken all over again at the activity of statistical organs in the area of glasnost. An openness of statistics that meets the demands of perestroika, that historic phase that the country is passing through, needs its own code.

For many years we have considered that statistics were one of the most important means for control and planning, and, accordingly, we concentrated all our efforts there. Right now statistics must be looked at from another angle. It should be a means for democratization and glasnost, and a means for getting a broad acquaintance on the part of society with the results of the economic and social development of the country and each republic and region. We already have some experience in work on expanding openness. The Union republic goskomstats and the statistical administrations are strengthening contacts with press and radio organs on the publication and use of information about social and economic development in their transmissions. The Information Publishing Center of USSR Goskomstat is developing its activity. Relying on this experience, it is necessary to move ahead decisively in developing glasnost, and to the ensuring of the wide openness of statistics is one of the most important of our tasks.

The principle here is one—the results of all statistical developments, surveys, and data analyses that do not have any kind of restrictions from the standpoint of protecting state and military secrets should be the property of society. The activity of each subunit of USSR Goskomstat, the goskomstats of Union republics, and oblast and kray statistical administrations must be constructed concretely on this principle.

Statistics are to make their own considerable contribution to the task that was decreed by the 19th Party Conference—that of creating a system for constantly and fully informing workers about the state of affairs at enterprises, in the countryside and in the city, and in the oblast, the republic, and the country, juridically consolidating the right of the citizenry, the mass information media, laboring collectives and social organizations to obtain information of interest to them.

In matters of sociology, the CPSU CC decree charges USSR Goskomstat with expanding the publication of statistical data of a social nature both in yearbooks and in monthly statistical press bulletins for the mass media, scientific-research and educational institutions, scientists and teachers of the social sciences, and the public at large.

A definite system of publishing statistical information has prevailed in state statistic organs in recent years. It includes primarily current information based on quarterly and monthly reports in the press, daily press releases, monthly press bulletins and economic surveys, as well as the publication of statistical handbooks. These areas of the openness of statistics, which have proved worthwhile, must be actively augmented with new content.

In the area of current information, it will be necessary to introduce periodic topical publications (articles, interviews and the like) on such especially acute questions as income and the consumption of material benefits by the public, prices, the provisioning of housing and the sequence in obtaining it, the construction of cultural and domestic-amenity institutions, the quality of everyday-shopping services, foreign-trade activity, the economic situation of the country and its regions, the results of study of social opinion on the most vital social, economic and political problems, and so on.

In expanding the output of statistical handbooks, data on the most important statistical surveys and analytical work carried out by state statistics organs during one period or another should be published. Such data will be of great scientific and practical importance.

It is necessary to think through and to work out a system of measures that will allow statistical publications programs to be discussed with the community and the opinions of various strata of the population about their content to be considered. The goskomstats of some Union republics and statistical administrations are correctly undertaking actively to involve local educational and scientific-research institutes in the development of programs for gathering social and economic information and for publishing it in the press.

Statistics should be guided in full measure by the instruction of the 19th Party Conference about the inalienable right of each citizen to obtain full and authentic information on any question of social life that does not

contain state or military secrets. In deciding questions of glasnost, it must be remembered that no one has a monopoly on the truth, and neither should there be a monopoly on openness.

It is recognized that it is desirable to concentrate consolidated information on **moral statistics** in USSR Goskomstat, which also is charged with making arrangements for informing the broad community regularly on these questions. Over many years, moral statistics have been "scattered" over many ministries and agencies and have been a "restricted area." Today it is important to raise moral statistics to the national level and to make it the property of society.

With a view to distributing abroad more actively statistical information about restructuring of the social sphere, USSR Goskomstat is charged also with creating a specialized **data bank**, so that foreign news agencies may use the data widely on a commercial basis. The Information Publishing Center, the GVTs [Main Computer Center] and VNIPIstatinform [All-Union Scientific-Research and Design Institute for Statistical Information] of USSR Goskomstat should do everything possible to start data-bank operations this year.

#### **The second area of operations is regional statistics.**

Problems of the concept of regional economic accountability in particular were posed at the 19th Party Conference and at the July CPSU CC Plenum. The report to the plenum by CPSU CC General Secretary M. S. Gorbachev noted that "it is necessary to prepare recommendations on restricting the jurisdiction of the USSR and the Union republics and on transferring to the republics a number of managerial functions. Optimal variants for possible transfer of the republics and regions to the principle of economic accountability and the development of direct ties between them, with a precise spelling out of the contribution to the solution of nationwide programs, must be identified."

The job of statistical organs consists in, first, developing methodological questions for determining the economic contribution of regions and of the country's national-economic complex and a system of indicators for full economic accountability, and, second, organizing the recording, preparation and integrated analysis of data about this problem. By virtue of the multiplicity of plans involved in and the complexity of the indicated task, the task must be solved jointly with specialists of USSR Gosplan, USSR Minfin [Ministry of Finance], USSR Gosagroprom [State Agroindustrial Committee], USSR Gossnab, USSR Academy of Sciences, and so on.

The system of regional statistical indicators already developed for the collection of information for analyzing economically the development of the economies of the regions and the system of support thereof by organs of

Soviet authority at all levels of state control also should play a significant role. At the same time, apparently, it must be supplemented in regard to its interregional ties.

The significance of the 1989 All-Union Population Census, preparations for which are being conducted intensively by all organs of state statistics, for the creation of an informational inventory of regional statistics is great. Of course the census has great political and social value for the solution of nationwide problems and for preparation of the the plan for the 13th Five-Year Plan period, but it is of special value to republics, krays, oblasts, cities, regions and communities. The census will yield multifaceted information for the integrated analysis of socio-demographic processes, study of the distribution and utilization of labor resources, and the state of the housing inventory and its distribution, in order to predict the numbers and composition of the population, to work out plans for economic development, and to solve many social problems.

The CPSU CC Politburo examined and approved in February of this year the practical measures planned for preparations for the All-Union Population Census.

The USSR Goskomstat Collegium has repeatedly discussed the state of affairs in the execution of preparatory measures for conducting the census in a number of Union republics and noted that such work has been promoted everywhere. At the same time, serious omissions were pointed out. Large-scale explanatory work among the population about the purpose and tasks of the census have not been effective enough, in some urban settlements systematicness in the naming of streets and the numbering of apartment houses and of apartments have not been perfected, the cartographic material that has been prepared is not of high quality, completeness of the current counting of the population is being monitored poorly, and the potential of commissions for assisting the census are not being fully utilized.

Not much time remains before the census. All the preparatory work must be completed organizationally, and special attention should be paid to the selection and approval of census personnel, which predetermines, in the final analysis, the success of the census.

Preparations should be made ahead of time for analyzing its results, expanding research on natural movements and migration of the populace, and performing a number of demographic calculations. An integrated system of information about the population, based on the census data, should be created and introduced into operation in 1990. Major problems remain to be resolved in expanding the openness of population statistics, in preparing for publication the results of the 1989 All-Union Population Census in comparison with the data of preceding censuses, and in producing a demographic yearbook. This will require, of course, constant attention and persistent action to ensure the reliability of the data and to reduce the time taken to get the information.

Much must be done also in regard to methodological developments, particularly to expanding and improving demographic predictions and increasing their reliability. Major tasks in this area should be resolved also by NII Goskomstat SSSR [Scientific-Research Institute of USSR Goskomstat].

**A third area of operations is statistical support for the development and deepening of radical economic reform,** the necessity for speeding up the progress of which was especially emphasized at the July 1988 CPSU CC Plenum.

In light of this, there are some questions which should be the subject of statistical study and economic analysis.

These are the problems of the introduction of new ways and methods for management and elimination of the barriers in the path of introduction, application of the Temporary Statute on the Procedure for Formulating State Orders for 1989 and 1990, the transfer of enterprises of all branches to complete economic accountability and the forming of the new economic mechanism with simultaneous solution of the problems of price ratios, improvement of the state of finances, the introduction of wholesale trade, restructuring of the system of foreign economic ties and of organizational administrative structures (especially the role of the ministries in the new management system), the overcoming of lags in scientific developments behind the world level and behind the national economy's requirements, new forms for organizing work in the economy, development of the cooperative movement as one of the mainline directions for radical economic reform in the country, the struggle with bureaucratism, the reduction of expenditures for administration, and so on.

State statistics organs are already doing definite work on many of the questions enumerated, which, it is true, are in the initial stage. But completely new tasks are being faced. For example, it is necessary to provide for systematic surveillance over progress in the introduction into agriculture of the contract and of leases, of full economic accountability, and of changes, in connection therewith, of internal production ties at kolkhozes and sovkhoses, over the development of various types of cooperation, over the establishment of family farm departments and other production facilities that are working under the conditions of long-term land rental, and over the development of agroindustrial combines and agricultural companies.

Two problems are to be solved here. The first is the necessity for a comprehensive study of the indicated forms of organizing labor and for finding out their effectiveness. The second is the impossibility and even the harmfulness of getting current reporting under the conditions of the large-scale functioning of lease collectives in agriculture. Therefore, in studying the work of contracting and, especially, of leasing collectives, the selective questionnaire method of observation should be

widely used; the questionnaires should also cover social questions. Farms where the brigade and the rental contract have been widely propagated can be freed completely from the presentation of current reporting and be allowed to count only the final results of their activity (output volume, yield (productiveness), expenditures, income, wages, and so on).

It is necessary to study, generalize and use the experience of advanced contracting agroindustrial organizations in the matter of a sharp reduction in recording and reporting.

**Reduction of reporting** is one of the effective forms of the struggle with bureaucracy. As is known, the 19th Party Conference paid great attention to analysis of the essence of bureaucracy in the country and its pernicious influence on the progress of perestroika, and it adopted a special resolution, "The Struggle with Bureaucratism."

The Conference several times spoke about the fact that the USSR Law, "The State Enterprise (and Association)," is neutralized by agency instructions, that the independence of enterprises is inhibited by the dictates of the ministries, and that an elective organ of authority today is impotent before the authority of the apparatus.

Bureaucratism is manifested also in the introduction of cumbersome reporting, including unlawful reporting and the instructional tools that correspond to it, which load up staffs with unnecessary work, complicate administration, substitute a flow of paper and long-winded instructions and orders for competent organization of affairs, and hinder the development of independence of enterprises and organizations. The resolution, "The Struggle with Bureaucratism" states: "...important changes in the procedure itself for developing and adopting management decisions, maximum simplification thereof, release from the constant flow of overcautious coordinations, and far-fetched requests for useless information and data from the field, and repeated cutting down of reporting are required."

Confusion, excesses in recordkeeping and reporting, and unlawful reporting form the nutrient medium for bureaucracy; they often lead to exaggeration of results, eyewash and other antistate actions.

While carrying out the CPSU CC and USSR Council of Ministers decree of 17 June 1987, "Measures for Radical Improvement of Statistical Affairs in the Country," definite work has been done to regularize reporting and to ensure its validity. Interbranch reporting for 1989 has been reviewed and somewhat simplified. In so doing, the amount of statistical information developed by kolkhozes and sovkhozes of the USSR Gosagroprom system has been halved. This reduction of information should not in any way impoverish economic analysis of the branch's development. Under these circumstances, the statistics of the agroindustrial complex should change

from continuous statistical surveillance to selective surveys, the use of questionnaires and calculations based on mathematical-economics models, and so on.

The work as a whole on reducing reporting has not at all been satisfactory: reporting remains cumbersome, especially current reporting. Because of this, USSR Goskomstat has adopted a decision to cancel on 1 January 1989 the effect of the forms of branch statistical reporting. Ministries and agencies have been given an order to present, prior to 15 October of this year, recommendations on how to form it all over again, based on radical change in both the terms for management and the role of USSR ministries and agencies in control of the corresponding branches and spheres of activity. Union-republic goskomstats should also quickly begin similar work, having in mind the multiple reduction of reporting defined by the resolution of the 19th Party Conference.

Our instructional activity also is to be employed soundly. Although the existing instructions on the compilation of reporting have been reworked and adjusted in accordance with the requirements of the new economic mechanism and the USSR Law, "The State Enterprise (and Association)," and some of them have been repealed, the adjustment of standard enactments on statistics also is being completed in accordance with the USSR Law "Cooperation," and work must continue on the simplification and "facilitation" of directives. And, in general, there should be no new forms for reporting without instruction and programs.

In the era of effectiveness of the new economic mechanism, and also of the further conversion of enterprises and organizations to full economic accountability and self-financing, economic accountability within the production facility, which is unthinkable without improvement of primary recording, is acquiring special significance.

In May of this year USSR Goskomstat studied, jointly with USSR Minfin, the practice of organizing primary data recording under the new management conditions. It was established that there are important deficiencies in this matter. Poor equipping of production sections and storage facilities with weighing and measuring instruments, unit packing and other control aids and the lack of funds for peripheral equipment affect negatively the validity of recording. Work is being done poorly in regard to setting norms for the consumption of material resources. The role of recording as the original source of the whole information base of economic accountability is being underestimated.

Based on an analysis of the state of affairs in the organization of primary recording that has been presented, the Commission on Improving Administration, Planning and the Economic Mechanism has given appropriate missions to the ministries, agencies and Union-republic councils of ministers. But work on this has not been completed. It should be based on the fact that the



final responsibility for the state of primary recording is that of state statistics, which is vitally interested in the validity of the primary data. Monitoring measures for regulating primary recording should be tightened up.

In light of the decisions of the 19th Party Conference, the work on regularizing reporting and assuring its validity requires much strengthening. This work must be performed in close collaboration with the restructuring of administration, planning and the economic mechanism in the Union republics and locally. The actions of the originators of unlawful reporting should be categorized as improper substitution of excessive paperwork and bureaucratic methods of management for lively organizational activity.

For purposes of comprehensive and responsive examination of practical problems of rationalization and regularization of state reporting and improvement of primary recording in the national economy, an acting commission that includes specialists of central economic organs, as well as of associations, enterprises and organizations, has been established under USSR Goskomstat and has started work.

Enjoying the right of the coordinator of operations on the checking of state reporting, USSR Goskomstat must develop in every possible way the collaboration of control organs in the struggle with bureaucratism, excessive paper work, and distortion of reporting. The hearing at collegium meetings of the reports of ministry and agency supervisors about the state of recording and reporting, rounding out the discussion with concrete conclusions and recommendations, right down to the necessity for reducing the staff, should be introduced into practice more widely. All cases of exaggeration of results and of eyewash, as in the case of neglect in recording and reporting, must be publicized more widely, using the mass media.

The restructuring of statistics is an inalienable part of the radical economic reform. Its basic directions were defined by the CPSU CC and USSR Council of Ministers decree of 17 July 1987 and by other party and government decisions, among which the CPSU CC decree, "Raising the Role of Marxist-Leninist Sociology in Solving Key Social Problems of Soviet Society," is deserving of special mention.

Statistical organs have already undertaken their realization and have adopted the appropriate enactments and other documents.

Certain new features of this work must be dwelt on in greater detail.

**Systems of Indicators.** It is known that a portion of them have already been examined and approved, some of them are being developed, and some remain to be developed.

It is appropriate to reproduce M. S. Gorbachev's evaluation of the significance of certain indicators that was made in his report to the Party Conference: "It is a question of criteria and indicators of economic development. We have already said, not for the first time, that rates of growth of output are important not in and of themselves, but in their actual fulfillment, in active satisfaction of the people's demands.

"USSR Gosplan and the USSR Academy of Sciences must develop recommendations on this question, on the basis of which planning would be conducted and the results of economic development evaluated during the 13th Five-Year Plan."

The NII and the Administration for Improving the Methodology for Statistics of USSR Goskomstat must greatly improve their research on developing a system of sociological indicators, in connection with which closer contacts must be established with USSR Gosplan and USSR Academy of Sciences institutes.

The creation by USSR Goskomstat and the USSR Academy of Sciences of a joint scientific-research laboratory on methods of economic measurement has been set by the above-mentioned CPSU CC decree on sociology.

New tasks in the area of **economic analysis** of statistical information ensue from the decisions of the Conference and the July CC Plenum, although analysis undoubtedly was improved after issuance of the CPSU CC and USSR Council of Ministers decree of 17 July 1987. More complicated questions have begun to emerge. Thus, in 1988 almost all Union republic goskomstats prepared, jointly with planning organs, reports on the republics' economic situation (such reports also were written by a number of statistical administrations). Fairly thorough reports were prepared about the effectiveness of development of economics, reserves and losses in branches of the national economy, social development of the regions, and so on. The issuance of express reports and statistical papers, which are turned into a most important source of current information for supervisory organs in the more urgent matters of social and economic development of regions, is being improved.

Current reports about progress in fulfilling the State Plan for Economic and Social Development of the USSR, short topical reports prepared at the initiative or as an assigned task of supervisory organs, and the issuance of statistical bulletins, official handbooks, and so on, are being improved.

But still, deficiencies in this work have not been totally overcome. Some analytical papers of USSR Goskomstat, Union republic goskomstats and, especially, statistical administrations, still do not exhibit a proper depth of analysis, of discovery of the causes of various phenomena in society and of reserves for growth, of rigor and accuracy of evaluations, and of constructive suggestions for improving matters in the economic regions and



economic branches and for solving social problems. The economists' bent for well-trodden conventions in constructing memoranda and appendices thereto has been referred to more than once. This is not only impermissible but it is also incompatible with the status of USSR Goskomstat.

It is not enough to analyze monthly progress in fulfilling plan tasks. Such analysis must be increasingly correlated with the social and economic development of the regions, that is, it should be comprehensive.

One of the prerequisites for substantial improvement of economics work, as has already been said, is the expansion of special developments in statistical information and the involvement of survey materials. But this is not enough. The Union republic Goskomstats and oblast statistical administrations must master deeply methods for computing and analyzing indicators for national income and gross national product, the development of an interbranch balance of production and the distribution of output, balance-sheet income and spending by the populace, labor resources, settlements for the import and export of output, real income, the production and consumption of food products, and a number of non-foodstuff and other commodities.

The number of analysts must be expanded, especially at the expense of chief economists, and the best personnel must be acquired for this purpose, primarily young people. The creation of special economic analysis groups in branch-of-the-economy subunits and statistical administrations has proved worthwhile. It is necessary simultaneously to concentrate efforts on a study of such problems as providing the population with foodstuffs, living space, commodities and services, that is, those things that were discussed especially sharply at the Conference. More so than for any other such question, a complex approach is required here—from comprehensive analysis of the production of these benefits to the consumption thereof, to the uncovering of existing production reserves, to output quality, and to losses of output that have been tolerated.

For example, one of the first-priority problems that the country must solve is that of foodstuffs. It stands to reason that all state statistical organs should monitor progress in its realization. But in analyzing the progress made in fulfilling the USSR Foodstuffs Program, it should be borne in mind constantly that the largest reserves here are the struggles against losses and for full preservation and high quality handling of the harvest and of the products of livestock farms. The problems of investing enormous resources in agriculture and getting a low return from it and finding the causes of this in a cross-section of the country's regions and farms also require attention.

Thus it is necessary to organize analysis in such a way that its results will, as was emphasized at the Plenum, shed light on troubled processes in agriculture and disclose the essence of the problem. This is not a simple

matter. Solving it will require the efforts of many USSR Goskomstat system workers and the involvement of specialists of other economic organs. The special development of data, especially at the oblast and rayon levels, and surveys on special, well-developed programs are necessary.

No less important are analyses of the types of management and the work of inefficient farms, a radical restructuring of interfarm relationships in agriculture, and social development of the village. The July Plenum emphasized in particular the urgency of developing a special nationwide program for social development of the village.

Still other topics for analytical work, on which the attention of state statistics organs should be concentrated, are the production of consumer goods, the creation for this purpose in a short time of high-capacity industry, the modernization of many light-industry and food-industry enterprises, the organization of trade and the services sphere, and a strengthening of their material base. Sociologist-statisticians must study thoroughly the problem and the causes of queues, especially if they are the consequence of an indifferent, disrespectful attitude of the heads of various enterprises and organizations toward people or of interruptions in the trade of those commodities of which the country has an adequate supply.

Work on **international comparison** of information about social, economic, scientific and technical development will also help to improve economic analysis in the system. USSR Goskomstat is charged, jointly with USSR Gosplan, GKNT SSSR [USSR State Committee for Science and Technology] and the USSR Academy of Sciences, with developing this work quickly. A number of indicators and the methodics for comparing them with the indicators of foreign countries, taking into account the existing methodologies of the United Nations and other international organizations, are to be developed, and a set of informational manuals for the appropriate comparable information is to be created.

It is especially necessary to emphasize the fact that what are involved are comparisons of cost indicators of the USSR and certain developed capitalist countries on bilateral and multilateral bases, with the mutual selection of representative commodities and services, involvement of the appropriate experts, and so on (as is done among CEMA member nations). The work is very great and politically responsible but extraordinarily important for the development of foreign-trade ties of the Soviets' country, and primary attention must be devoted to it.

Moreover, this work and a number of other measures will also enable the indicators and methodology of Soviet statistics to approximate much more closely those adopted in the world community.

In light of the decisions of the Party Conference and the July Plenum, it is necessary to improve in every possible way the activity of USSR Goskomstat-system organizations that are working under the new management conditions. An analysis of the data of 1987 and of the reporting period of the current year testify to positive results: the financial situation of organizations has improved and accumulations increased. Collectives have been motivated toward the more effective use of resources and the ensuring of high quality in the work called for by the state order. Economic standards for all USSR Goskomstat system organizations have been defined, based on the control figures for the five-year plan and the draft of the 1989 plan.

An analysis of the results has indicated that organizations can work effectively under full economic accountability and self-financing.

On 1 January 1989 USSR Goskomstat system organizations converted to full economic accountability and self-financing in accordance with the 17 November 1987 decision of the Commission on Improving Administration, Planning and the Economic Mechanism.

The guidance for converting USSR Goskomstat organizations to full economic accountability and self-financing that was developed in light of the decisions of the 19th All-Union Party Conference, the July 1988 CPSU CC Plenum and the 17 July 1987 decree of the CPSU CC and USSR Council of Ministers was aimed at further improving work quality, ensuring reliability, and reducing the time taken to develop and present statistical reporting for the needs of state and economic supervision.

This guidance, which was prepared in full correspondence with the principles of the USSR Law, "The State Enterprise (and Association)," considers the specifics and peculiarities of their work.

A most important prerequisite for observance of the principles of full economic accountability and self-financing is the fulfillment by organizations of the order to develop state statistical reporting. In so doing, the basis for USSR Goskomstat's formulation and issuance of the order for 1989 to organizations is the balancing of the order's products list with the provisioning of centrally distributed supply and equipment resources and, in particular, with the provisioning of financing through budget appropriations.

The new terms for management were widely discussed at cluster meetings in April and May of this year with the supervisors of oblast statistical administrations and the supervisors of the economic services of these administrations and the Union republic goskomstats.

More than 1,800 microcomputers (not counting YeS-1840's) have arrived since the 1986 adoption of decisions to strengthen the rayon element of state statistics

within the USSR Goskomstat system, enabling more than 750 rayon organizations to be reequipped with modern computer equipment. Designs for processing statistical information on the microcomputers were developed for the rayon level and introduced. The new equipment is being assimilated in the RSFSR and the Ukrainian, Belorussian and Kirghiz SSR's.

It is planned to introduce microcomputers into statistical operations in almost 1,000 rayon-level organizations by the start of 1989. The Union republic Goskomstats must pay special attention to the realization of plan tasks for developing the rayon element, having in mind completion of its reequipping in 1990.

New computing centers are being put into operation.

Conversion of the system's organizations on 1 January 1989 to full economic accountability and self-financing will enable their potential to resolve social problems to be expanded.

Funds for the production and social development of collectives should be used thriftily, and cooperative housing construction should be organized. These matters should be taken under special monitoring by social organizations.

Constant, purposeful work on the social development of laboring collectives must be conducted. USSR Goskomstat system specialists are working hard and productively, sometimes without taking time into consideration. They rightfully demand improvement of working and housing conditions, the provisioning of children's institutions and dining rooms, and so on.

Worker staffing is being reduced everywhere, and the staff structure of Union republic goskomstats is being simplified. This has led to no few difficulties in the work but they are being overcome, primarily by staffing subunits with competent, creatively working specialists.

Right now general economic schooling and purposeful computer training of central-staff specialists are being conducted within the system. At the same time, the level of this work cannot be recognized as satisfactory from the standpoint of today's personnel requirements. A program for revising the system in order to raise qualifications was adopted recently. Its realization will enable the problem of staffing statistical organs with highly qualified specialists to be solved.

**Democratization within the system** and a rise in the role and responsibility of laboring collectives for solving the tasks that face them and that flow from the decisions of the 19th All-Union Party Conference and the July CPSU CC Plenum require considerable expansion.

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### Increased Production Role For Medium, Small Enterprises Stressed

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[Article by I. Golovin, senior scientific associate of SOPS [Council for the Study of Production Forces] under the USSR Gosplan, candidate in technical sciences; A. Pevzner, sector chief of the NIIPiN [Planning and Norms SRI] under the USSR Gosplan, candidate in juridical sciences, RSFSR honored economist: "On Small Enterprises (Organization and Activity Under New Conditions)"]

[Text] The realization of the principle of optimal combination of large, medium, and small specialized enterprises is one of the most important directions in increasing the effectiveness of social production. Life has demanded the development of theoretical approaches and the preparation of methodological recommendations for the formulation of a scientifically substantiated combination of enterprises of various sizes with consideration for sectorial and regional factors, as well as an evaluation of the socio-economic results of such a combination.

The acceleration of scientific-technical progress in combination with reorganization of the economic management mechanism and the intensification of social directionality of planning have increased the need for an integrated evaluation of such sectorial and regional factors as specialization of enterprises, cooperation and combination of production, territorial peculiarities of locating enterprises and types of production, self-financing and independence of economic subdivisions, and determination of the optimal sizes of enterprises. Unfortunately, in past years science has not dealt much with an integrated study of the problem. The sectorial approach prevailed in practical technical-economic computations, without proper consideration for local and national-economic factors. As a rule, the generalized criteria which were applied, as for example the computations of the minimum incurred expenditures, did not take into consideration the following factors: the effect of shipping and location of storage facilities on the losses and quality of the products, primarily agricultural; shorter construction times for small enterprises as compared with large ones; changes in expenditures by product consumers as a result of a reduction the product deficit; outlays in the sphere of handling, etc. The priority of sectorial effectiveness facilitated, specifically, the over-estimation of the minimally allowable capacity of enterprises, the unjustified growth of large and medium enterprises, the reduction in the level of their specialization, and the loss in flexibility of industrial production in meeting consumer product demands. The problem of optimal combination of large, medium and small enterprises is largely reduced at the present time to a significant increase in the national economic and cost-accounting effectiveness of small enterprises, to a

strengthening of their influence on improving the activity of large industries, the balance of the economy, and the solution of social problems. The resolution of the CPSU Central Committee and the USSR Council of Ministers dated 17 July 1987, No 824, and entitled "On developing the activity of the republic organs of administration" directs us toward specifically this approach to the given problem.<sup>1</sup> There can be no doubt that here the large enterprises will continue to serve as the material base for the country's social and economic development and for the strengthening of its defense capacity.

The examined problems in developing a network of small enterprises and industries concern not only state enterprises, but also cooperative ones, as well as public organizations and production cooperatives which are currently in operation in practically all spheres of the economy. Under current conditions, all forms of socialist ownership should be used for accelerating the socio-economic development of the country.

A comprehensive accounting of the national-economic, sectorial and territorial peculiarities which determine the optimal combination of large, medium and small enterprises is especially important for the question raised in the article by M. Gevorkyan and V. Avetisyan<sup>2</sup>—the question of the socio-economic, production and scientific-technical functions of small enterprises in the economy, which are distinguished by a high level of concentration of production. In our opinion, we cannot speak of these functions in isolation from another significant question: what gives the national economy the optimal combination of enterprises of different sizes and the accelerated development of a network of current small enterprises and industries? Exhaustive answers to the formulated questions require comprehensive analysis of the specialization and concentration of production, the sectorial and regional demands for products of other sectors and regions, and the availability of resources, primarily local resources. A systematic collection and evaluation of such data have not as yet been organized. At the same time it is clear that positive results are achieved through the most complete consideration not only of the sectorial, but also the national-economic, as well as local, factors, as for example in computing the economic effectiveness of capital investments in selecting variants for sizes of enterprises and their location.

The analysis performed by the authors has shown that the evaluation of effectiveness in concentration of production for a certain assortment of products is decisively influenced by the time factor, if a comparison of variants of enterprises is conducted not for one year or some other arbitrarily selected period, as is usually done, but for the period of the life cycle of the enterprise or the product which it manufactures. The time of the cycle is the period from the start of construction (reconstruction, technical retooling) of the enterprise to the time of the next reconstruction associated with its technical retooling or change in product assortment requiring large

capital investments. The indicator of comparative effectiveness used here is not the incurred expenditure for a unit of production, but rather the gross income or profit over the period of the cycle after subtraction of the capital expenditures.

Reducing the time for construction and assimilation of capital investments has an even greater effect on the total income over the time of the cycle if the cycle is shorter.

If the annual income of a large enterprise, whose standard time of construction (reconstruction, technical retooling) is 5-6 years, is equal to the annual income of a group of small enterprises, whose overall capacity is the same as the capacity of the large enterprise but whose standard construction time comprises 1.5-2 years—then the total income for the variant with the shorter term of construction and a 10-year cycle turns out to be 1.7-2 times higher. The group of small enterprises will receive additional income during the time when the large or medium enterprise is still under construction or being introduced into operation, while the volume of income at a profitability level of 30-40 percent of the fixed capital is sufficient for creating additional analogous capacities. At the same time, the average annual profitability of small enterprises may be lower than that of large ones if during the time of the cycle a higher gross income is ensured, and if the cost accounting income is sufficient for self-financing.

In sectors with short cycles of manufacturing goods, the acceleration of the reproductive processes may have a decisive significance. In practice, only small enterprises ensure their maximal income during the time of the cycle. The network of current small enterprises, cost-accounting productions, shops, and sectors is necessary primarily in the production of clothing and footwear, and other consumer goods. The reconstruction and reprofiling of small sewing, tricot-making, and footwear enterprises and related industries manufacturing fashion goods, youth-oriented goods assortments, etc. must be performed quickly, aimed at the anticipated changes in fashion and demand, and actively responding to them. This does not exclude the simultaneous activity of large and medium enterprises which provide for the output of mass production of a stable assortment. This conclusion is confirmed by foreign experience. The accelerated development of small enterprises in the European socialist countries in the 80's began with sectors manufacturing consumer goods. The creation of small enterprises equipped with modern technology made it possible within a short time to reduce the shortages on many types of goods (including high-quality and fashion items).<sup>3</sup> In the developed capitalist countries, the highest relative share of the number of small enterprises, reaching up to 87-98 percent, is noted in sectors manufacturing similar types of products.

The national economic effect of small enterprises in many sectors is determined not only by the reduction of the standard times for construction and assimilation of

the capacities, but also by the higher income obtained due to the growth in production volume with a certain increase in expenditures, or with a minimum of expenditures but with corresponding output of products. The construction of small processing enterprises in regions where potatoes, vegetables and fruits are raised requires additional capital investments. However, these enterprises will pay for themselves by an increase in income if the losses of easily perishable raw materials and products, which at present reach up to 20-30 percent, can be reduced. The development of small enterprises (industries) for primary processing of hides from slaughtered animals and portable slaughterhouses in regions with low density of livestock procurement, enterprises for the production of meat and special dairy products for local consumption, small capacity bread bakeries, and many other types of similar enterprises also requires additional expenditures. However, these expenditures are recovered through improved quality of the products, provided these improvements are reinforced by corresponding price adjustments. Small mixed feed plants help to minimize the expenditures of consumers.

The examples presented from the light and food industry demonstrate only individual socio-economic, production and scientific-technical functions of small enterprises: their quickness and flexibility in meeting the changing demand of the consumers, the improved quality of the products, and the reduction of losses. Other functions are no less important. These are: involving local raw material resources in production and increasing the mass of consumer goods and services which are in local demand (hothouses operated on secondary power resources, fish hatcheries in inland water reservoirs, seasonal brickmaking plants in kolkhozes and sovkhozes, etc.); seeking out additional work force resources by reducing seasonality and involving weakly mobile labor resources in social production in certain regions of the country.

An important function of small enterprises is that they free large and medium enterprises with mass and large-series production of industrial products from the necessity of manufacturing goods in small batches. Thus, the "Balakovrezinotekhnika" Production Association produces almost 3,000 titles of products from 280 grades of rubber. Nevertheless, the association does not fully meet the demands for manufactured rubber technical products, especially those of small-series manufacture. The association workers see a solution to this problem in the development of small independent plants and specialized consumer sectors.

The economic basis for optimal combination of large, medium and small enterprises in most sectors of heavy industry is specialization, which improves the quality of the products or reduces the incurred expenditures. A reduction of the specific capital investments, the expenditure of raw goods, materials and energy, labor expenditures, and expenditures for transporting raw materials

and finished products may be achieved at small, technically well-equipped enterprises as well as at large and medium ones. The experience in developing the territorial organization of procurement and repair industries in machine building and metal working in Moscow and Moscow oblast has demonstrated the expediency of not only creating comparatively large specialized intersectorial enterprises, but also retaining small operating shops and sections of analogous profile at individual enterprises.

A number of machine building branches and shops created in the small cities and settlements of the Belorussian SSR which supply parts and assemblies to the chief enterprises in the oblast centers have increased their production specialization. Here, one of the conditions ensuring the effectiveness of their operation—the territorial proximity of the chief and complementing enterprises—has been maintained. The development of similar industries in separate oblasts of the Ukrainian SSR helps to attract additional labor resources to heavy industry.

Territorial organization of production is being developed also in the old industrial rayons. In the opinion of A. Mokronosov, associate at the USSR Academy of Sciences Urals Scientific Center Economics Institute, the formulation of large machine building associations makes it possible to rationally combine different size groups of plants, to extend scientific-technical progress to the small enterprises, and to maximally utilize the advantages of spatial proximity of related enterprises in formulating plant branches.

The acceleration of scientific-technical progress has increased the importance of producing a broad and rapidly changing nomenclature of low-tonnage and small-series products. These products serve to reduce the expenditures of the consumers, including also large industrial enterprises, or to improve the quality and increase the volume of the products which these enterprises manufacture, their labor productivity, etc. However, many types of machines and equipment which are needed in small quantities, including those for outfitting small enterprises, are not produced in our country. Also, the demands for a number of low-tonnage chemical products are not met. Their absence is becoming a notable hindrance to technical progress.

The organization of the manufacture of low-tonnage and small-series production at large and medium enterprises often occurs under less than optimal conditions. As a result, the level of specialization is reduced, so-called "secondary production" emerges, and a shortage develops on many types of products.

Individual labor activity, production cooperatives and small operating enterprises need current technology. The difficulty in equipping and re-tooling small-scale production consists of the fact that the machines and equipment which this type of production requires in most cases

differ principally from the technology of large-scale production. They are characterized by greater variation and required in small volume. Their reproduction requires the development of reliable specialized machine building, which in turn requires greater flexibility due to the broad and changing nomenclature. Due to the shortage of such technology, part of it is manufactured according to the principle of self-provision. Thus, due to the insufficient supply, the local industry of the RSFSR alone annually produces over 3,000 units of technological equipment for its own needs (primarily for small enterprises).

The shortcomings in such organization of producing small-scale technology are evident: low quality and high cost, only partial satisfaction of the demand because the producers first fill the orders which are profitable for them, the absence of company servicing after sale, etc. Technical retooling of small enterprises and industries, including production cooperatives, is of principle importance: without current technology and equipment they will not be able to fulfill their tasks in the national economy.

The organizational basis of machine building for outfitting small-scale production, along with the small independent enterprises, could be intersectorial territorial production associations and related complexes, in which the chief, comparatively large, enterprises are responsible for the output of the finished product and for the high scientific-technical level of production, while a network of specialized small and medium enterprises would supply the complement parts and assemblies, and provide aid in utilizing the association's products. Evidently, an analogous approach is required also in organizing the production of various cultural-domestic and household goods. The manufacture of these goods by large enterprises as a "supplement" to their primary activity has as yet not eliminated the shortages, and does not ensure the current level of quality.

Exercising the rights granted by the USSR Law on the State Enterprise (Association), individual large and medium enterprises refuse to produce consumer goods which are unprofitable for them. In our opinion, changing the enterprise subsections which manufacture the indicated goods over to the system of cost accounting and giving them greater independence would help to successfully resolve this problem. An example might be the "Ural" production cooperative under Sverdlovskglavsnab [Sverdlovsk Main Supply Administration], which rents a shop from the fiberboard plant.

The need for optimal combination of enterprises of different sizes concerns all sectors and types of production in heavy industry, including types of production associated with the extraction and processing of primary and secondary raw materials. The centers of thermoenergetics, lumber cutting and wood processing, the regions where large chemical industry, ferrous and nonferrous metallurgy industry enterprises are located, may all

integrate processing of raw materials and the use of by-products in production as parallels to the primary activity of a large or medium enterprise. (Such experience is present in associations for the application of recycled wood raw materials). This may also be done with the aid of small specialized sectorial, intersectorial and interfirm enterprises for processing by-products in a certain territory, and sometimes on the basis of the family order. A system of regional and sectorial data banks on by-products and resources of local significance may also be of great help in this endeavor.

The small innovative enterprises which create scientific-technical innovations form a specific direction.

Large scientific organizations are often not interested in solving problems which do not yield a significant economic result due to their small volumes of application. Thus, the creation of new low-tonnage materials and small-series technology becomes comparatively unprofitable for large scientific organizations already at the stage of transition from ideas to practical realization.

There is no doubt as to the national economic effect of new developments. This effect is realized in most cases in the form of increased for the consumers of the scientific-technical innovations upon replacement of outdated materials, equipment and technologies with new ones, although not all innovations are used effectively enough. At the same time, it is clear that a 5-10-year reduction in the period of assimilation of progressive developments, with a cycle duration of 15 years for the product-innovation, increases the total income realized by the moment of completion of the cycle by 2.5-6 times.

More complex is the question of cost accounting income of the innovation developers, whose self-financing depends on the contract prices for the finished scientific-technical results and services. That which is unprofitable for large scientific organizations may turn out to be effective for small creative collectives. Such collectives (including temporary and intersectorial ones), which act as small enterprises, must implement a search and selection of prospective inventions, analysis and dissemination of scientific-technical information, planning and development of experimental samples of equipment and mock-ups for scientific and experimental projects, expert reviews and consultation of projects and scientific-technical decisions, provision of accounting services, programming, and bringing the developments up to the level of quality demanded by the consumer. The goal-oriented cooperation of such collectives with experimental, experimental-industrial and industrial small-scale producers would facilitate the accelerated development of original technological processes and equipment, the manufacture, testing, and preparation of experimental products for the stage of series production, and on the whole the accelerated assimilation of broad-scope scientific-technical achievements. A network of cost accounting research and product introduction firms would free the

large scientific organizations from having to deal with small-scale topics. The production of small enterprises may be highly effective on the world market as well.

Small scientific and scientific-production cost accounting collectives may act independently or within the make-up of enterprises, associations and organizations. The consultation and product introduction firms have recently begun to arise in the *ispolkoms* of city and rayon Soviets and VOIR [All-Union Society of Inventors and Innovators] sections. However, as yet they still do not have a reliable legal basis.

In foreign countries, including also in the CEMA states, small innovative enterprises and firms have become widespread in the last decade because in a number of cases they make it possible to obtain significant results with comparatively modest efforts. In the PRB, where the development of 1,500-2,000 small enterprises and industries is planned for the period of 1984-1990, in 1986 there were over 700 facilities in operation or in final stages of construction. Of these, around 30 percent were intended for the development of new technologies.<sup>4</sup> In the HPR there are over 100 technical development enterprises in operation.

Since the late 70's, small companies have been hastily created for these purposes in the capitalist countries in the zone of increased economic risk—in electronics, robot technology, and in the field of new structural materials and biotechnologies. They operate independently or, much more often, as part of various associations, including technological pools. Despite the weak economic stability (7 out of 10 of these companies will go bankrupt by the end of the second year, or will be bought out by others), such companies attract researchers by presenting a real possibility of bringing their developments to industrial application. At the same time, they attract investors by offering them significant profits, whose amounts in the USA over the last 7 years have been 10-20 times the sum of the capital invested in the development of these companies. Under conditions of reduced duration of the "product life cycle", the level of application of small innovative companies abroad has become one of the indicators of receptivity of national economies to scientific-technical progress.

The problem of developing a network of small enterprises is particularly current under conditions of a radical economic reorganization. Small enterprises are one of the most effective means for the broad application of full cost accounting and self-financing. Without small enterprises it would hardly be possible to eliminate the monopoly of the producers, especially in the sphere of consumer goods and services, and to put an end to the dictate of the manufacturer. These enterprises will allow us to ensure real economic competition, and the experience of a number of cooperatives has shown that such competition helps to saturate the market with various goods.

From these standpoints, it is necessary to analyze the effectiveness of the work of a number of small enterprises which were previously included into large associations without sufficient substantiation. The absence of stable production and economic ties of such enterprises with other subdivisions takes away the purpose of their entering into an association and has a negative effect on the results of their work. The consolidation of enterprises and the increased level of concentration of production should be evaluated from a socio-economic standpoint. It has its limits, whose transgression leads to a strengthening of the monopolistic position of the producers, and does not facilitate economic competition.

At the same time, also within the framework of rationally organized associations, it is necessary to comprehensively develop cost accounting independence of the structural units, including small enterprises. The application of P. 5, Article 5 of the USSR Law on the State Enterprise (Association) opens up broad possibilities for this. The structural unit may be given the right to conclude economic agreements in its name and to bear responsibility for them. Only in the case of a shortage of its own funds will the association bear additional responsibility. Such enterprises will be able to enter into various economic ties, including the use of bank credit, and to independently implement innovative measures.

The role of small enterprises in solving national economic problems is increasing in connection with the increased significance of economic agreements in the realization of economic processes. The state order must encompass only the most important types of production. Most of it, including small-series production, should be realized according to contracts based on consumer orders.

As yet, no radical improvement in the technical provision of small enterprises has become evident. The low technical-economic indicators of their activity are largely explained by an absence of the necessary machines and technologies, although modern achievements in scientific-technical progress make it possible to create them. The experiment in the creation and functioning of small enterprises in the Estonian SSR is to a certain degree oriented around imported equipment. We must take urgent measures to develop domestic machine building capable of providing small-series and small-scale production with technical equipment equivalent to world standards, and to overcome the technical backwardness of small enterprises in a planned and coordinated manner.

The continued approach to an optimal combination of enterprises of different sizes will ensure a tangible growth of the economy, but at the same time will require considerable resources. The analysis and identification of the entire sphere of functions of small enterprises in the period of perestroika, and from this sphere—the

first-priority functions for the specific territories, sectors, and the entire country—will help to distribute resources by time, sector, and territory, and will aid in more completely meeting the needs of the population.

#### Footnotes

1. "O korennoy perestroyke upravleniya ekonomikoy" [On the Radical Reorganization in Economic Management] M.: Politizdat, 1987, p 232, 233.

2. PLANOVOYE KHOZYAYSTVO, 1987, No 6, p 105-110.

3. Deryabina M. Small Enterprises in State Industry (Experience of the European CEMA States). VOPROSY EKONOMIKI, 1986, No 7, p 119-128.

4. IKONOMICHESKA MISYL (Bulgarian), 1986, No 11, p 44-56.

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**Debate on Role of Economic Science Continues**  
*18200055 Moscow SOVETSKAYA ROSSIYA in Russian 27 Oct 88 p 2*

[Article by R. Khasbulatov, doctor of economic sciences, Moscow: "What Is the Purpose of the Tenacious Stereotypes"; first paragraph is SOVETSKAYA ROSSIYA introduction]

[Text]

#### Continuation of the Debate of Economic Science's Role and Place

Last 27 July SOVETSKAYA ROSSIYA published an interview with L. Abalkin, member of the academy. By way of discussion the newspaper published on 7 August an article by M. Antonov, candidate of engineering sciences, entitled "When There Is a Breakthrough." His arguments have in turn evoked objections. We are publishing below one of the letters we have received.

M. Antonov is right when he writes that however diverse in their topics the discussion now taking place concerning the various problems of our society, it is the issues of the country's economic situation that are distinguished by the greatest urgency, especially following the 19th party conference. They are also the ones which arouse people's particular interest and their particular concern, sometimes even anxiety. After having revealed the deep contradictions in socioeconomic development, the party worked out a long-range course toward revolutionary renewal of the state, the society, and the economy. And it is natural for people to want real changes for the better—above all in the sphere of their material situation.



We have had repeated occasion to read words self-critically uttered by our well-known economic scientists, including L. Abalkin, to the effect that economic science also is to blame for the situation that has come about in the economy. But I do not think that the following assertion and reproof by M. Antonov is valid: "Over the decades economic science, which has preferred more to justify, annotate, and popularize the decisions made concerning the problems of the economy than to investigate and propose sensible new strategies for its development, has borne a large share of the blame for the disorder in economic life." This could have been written only by a person who does not have a realistic idea about the life of society in the post-Lenin period and in a shorter time frame—of the sixties and seventies. I do not know about the engineering sciences, but economic science, and indeed the social sciences as a whole, were actually doomed in that period to "justify, annotate, and popularize" decisions already taken. Indeed, M. Antonov should not have spoken on behalf of the public: judging by the press, it knows precisely where the main responsibility for our problems lies, including the economic problems—the administrative-bureaucratic system. Hundreds of ministries and departments placed enterprises and their collectives in a state of rigid dependence on "departmental norm-setting." The record number of government authorities on a "per capita" basis castrated the life of the people, taking away concepts so sacred to any Marxist like self-management, popular sovereignty, and justice.

While criticizing his opponent for having "sketched out a picture of the gravest state of the economy," allegedly having become addicted to "economism," M. Antonov himself sketches a still more dramatic picture of the economy in which, however, there is little analysis and few constructive ideas. And the most interesting thing is that in the search for a way out of this dramatic state he involuntarily repeats after his opponent the latter's key question: "Do we really need any economic growth, any scientific-technical progress?" After all, economists are in fact unanimous in trying to say that it is not growth as such and in general that we need, that we need priority directions of growth.

Take the problem of quality. As is well-known, the task has been set: by the end of the current FYP to bring at least 80 percent of the products of machinebuilding up to the level of world market requirements. The task is far from done. Raising the level of performance on the scale of the entire economy, improving the quality of products and services—that is a problem so complicated that even the introduction of state acceptance, which is expensive and, to speak plainly, quite ineffective—is a trifle compared to what is left to be done. Performance of the task presupposes reorganization and retooling of the economy, conversion of industry to labor- and resource-saving technologies, saturation with data processing and computer equipment, the retraining of personnel, intensification of foreign economic relations, and other things.

But in that case there is no point shooting for record gross indicators. After all, these "achievements" do not in and of themselves contribute a real growth of the national wealth if they are not used or are poorly made. For economists this truth falls in the category of the obvious. But practice has by no means followed what economic science has been recommending—that is something which M. Antonov seems not to take into account. He seems to consider economic science omnipotent, proposing that it work out utopian "programs for the country's salvation." And he forgets that the most effective strategy is consistent implementation of those large-scale decisions adopted in the recent past, decisions which radically alter the economic mechanism, property relations, and the political system, moving man with his diverse interests and needs into the foreground.

M. Antonov is undoubtedly right when he says that we are far from Marxist treatment of the most important segments of the political economy of socialism. But who is objecting to that assertion? I do not know any economic scientists who would assert the opposite. If we take, for example, L. Abalkin's interview, it does not deal with political economy, but with the concrete problems of the economic policy of the state in the context of restructuring. There is, of course, a close connection between political economy and economic policy, but it is not such that the relations studied by political economy can be directly applied to a concrete area of economic policy.

We cannot count on the old propositions of political economy when conservative social relations, including production relations, are being suddenly shattered. The economic policy of our restructuring has much in common with Lenin's New Economic Policy. If in nothing else, then in the fact that the changes, just as then, do not follow from the recommendations of the current political economy. Another thing is the fact that these recommendations are widespread and this is not facilitating the emergence of new ones, but is making it more difficult. That is the paradox which M. Antonov does not understand. What is the essence of it? Above all that the very laws and categories of the political economy of socialism are based on those social relations and production relations which today we are decidedly renouncing.

In "blaming" his opponent, M. Antonov sets the scientist's statements about the achievements of economic science against his words to the effect that it has not achieved a "real breakthrough" in the political economy of socialism. Where is the contradiction here? Yes, as a matter of fact, economic science has made a definite contribution to the party's elaboration of the new course. As for political economy—there have been no breakthroughs here as yet; M. Antonov apparently does not realize how far it is from reproducing the real relations that exist in our life, even though it does assume that it is reproducing that life, relying on the methodology of the author of "Das Kapital." But what Marx wrote about was what socialism ought to be, not at all what it is in



actuality. We have deemed it possible to so construct the political economy of socialism that we have interpreted Marx's "as it should be" as though it "existed in fact."

Take the Basic Economic Law. Is it not strange that it regulates only relations in redistribution, not affecting the underlying relations in the base? Can we consider such a law Basic? There are in fact many other aspects here that are highly dubious.... Or, if you like, the law of proportional economic development in conformity with the plan. The procedures based on the supposed operation of this law, taken to grotesque lengths, have in fact shaped the skeleton of the machinery holding us back. The law of the socialist wage, which operates, it is asserted, in accordance with Marx's formula "from each according to his abilities, to each according to his labor," is being realized to this very day in the form of leveling. We are at present unable to extricate ourselves from it even in a time of radical change. Incidentally, arguments very close in spirit to what M. Antonov writes have always been the basis of all kinds of leveling theories, dating from Marx's time up to the present day. For instance, Antonov considers the essence of "economism" to be that economic scientists place too much hope on economic methods, while at the same time a program of great projects which might "rouse and raise the people to unprecedented achievements" in order to "eradicate the cultural and spiritual and ethical 'running wild' of broad strata of the people." Striking phrases, but alas they are empty and obligate no one to do anything. According to Antonov, only these mythical programs (and not "adding 10-ruble notes to wages") can "eradicate the manifestations of devastation in everyday life," as well as the characteristic of the worker "as a destroyer." You see how simple it all is: material rewards are nonsense, inspire people with rhetoric! Can all of this really be a serious proposal? Just take that 10-ruble note: it is absolutely useless to write about the workers' indifference to it, we have quite a few people who live by counting kopecks, not to mention 10-ruble notes. What if that same 10-ruble note were devalued, not at all because of what M. Antonov is talking about, but because of inflation, shortages, a rapid rise of prices. Incidentally, these processes also have little connection with the recommendations of science.

Let us get back to political economy. The law of the predominant development of the branches of Group A as compared to the branches of Group B laid the foundation of production for the sake of production, thereby "refuting" even Marx. Markets were thereby eliminated as being unnecessary, "superfluous" under socialism. Nor is the "law of scientific-technical progress" operative, but there is another law which really operates—the law of tearing scientific-technical progress away from socialist production. The very same thing is true of the law of socialist pricing. Voluntarism has led to the formation of a far more real "law of rising prices," which we have already spoken about.

It is extremely important at this point to follow closely the formation of the new relations emerging in the course

of restructuring, in particular those which are being introduced through the operation of various forms of property, the evolution of cooperation, the departure from the practice of governmentalizing the kolkhozes, by virtue of essentially new elements developing within industry, in the service sector, and so on. We should not be hasty in proclaiming: here we have the political economy of socialism for the period of restructuring; otherwise it will prove to be outdated before it sees the light of day. The main efforts should in my view be directed now toward working out theoretical and practical recommendations aimed at speeding up the processes of restructuring. Those are the recommendations which economic science has already been offering, and there have been quite a few of them.

If in the course of the radical economic reform we have figured out, albeit in the most general form, what the underlying relations in the base should be like, matters are far more complicated with the question of the superstructure, the political restructuring of the state in keeping with the decisions of the 19th All-Union Party Conference. The political, cultural, legal, and so on superstructure, as is well-known, is not free of the base of the economy. If you set out to analyze social processes, you have to bear those interconnections in mind and discover the concrete subject of your analysis. Otherwise everything is all lumped together, as in the case of M. Antonov: "...it is not possible to adjust the economy without reestablishing the shaken pillars of the people's life." Again these are only arguments belonging to naive romanticism; they put the conscience on the alert, but they supply no weapons.

It was in fact to reestablish those pillars of the people's life that the political reform was proclaimed. The Soviets, as bodies for the self-management of the people, must in fact take the task of restoring those very pillars into their own hands. The goals here could not be clearer; they should not be muddled by misty appeals for a "study of living reality." I would instead identify problems of a different nature. Many stereotypes that have been operative and unchanged since the first years of the movement along the road of state-monopoly socialism put us on the alert. They were developed relative to the political superstructure, which was called upon to serve the interests of a regime embodying personal power. Take such an important and, I would plainly say, pivotal element of the superstructure as personnel policy. It has undergone few changes since the twenties and thirties. What was it based on at that time? The thesis of "relying on personnel chosen by the personnel themselves." Which led to the principle of personal devotion. In such a scheme no place is left for the people to express its will, collectives had minimal influence on the selection and assignment of personnel. But the task that was set in those years could not have been clearer in its simplicity: set up the personnel against the masses, detach them from the people and from the collectives. The trouble is that these approaches have proved to be very tenacious, and our personnel policy is captive to them up to this

very day. Although, perhaps, the Stalinist ideas have themselves been forgotten, the procedures, the approaches, and the patterns are still in place. The January (1987) Plenum of the party's Central Committee adopted very important decisions in this area; they must be unfailingly implemented.

It seems to me that note has not been taken of a tendency that has gained strength and whose essence is that the social and civic consciousness of the people has to some degree begun to outrun the corresponding consciousness of that colossal army of personnel in the "apparatus" at all levels. The movement to preserve the environment, historic monuments, the spirit and culture of the nationalities, the struggle to preserve or to revive under socialism the humanistic values of all humanity which M. Antonov favors so militantly—all of this is today coming from the grass roots, encountering manifest resistance. And the trouble here, unfortunately, does not lie in economic science or any other science, but in the tenaciousness of the administrative-bureaucratic system, which pays little attention to the science M. Antonov is criticizing, including, for example, the ecological area. Yet the situation is catastrophic. We go on as though nothing terrible is on the whole taking place with the environment in which man lives. But on the other side of the hill is a time when the budget for measures aimed at natural conservation will exceed even the astronomical amounts of the expenditures which today we are generously allocating to the defense-industrial complex. The bell is tolling ever more loudly for the entire planet, while at the same time our ministries and departments seem to have set themselves the objective of destroying

all the rivers, the seas, the lakes, the forests, of destroying everything that flies, everything that crawls, everything that runs, and even everything that is located under the earth. This is another in the category of obvious truths which have quickly been realized by the society of ordinary citizens, but not, it seems, by the ministries, not by the "personnel."

The processes of restructuring have not been developing along a straight line. They are being held back both by inevitable mistakes and also by resistance, also to be expected. So long as the state exists, government authority, and social groups with their own specific interests, there will always be contradictions among those interests, and consequently there will always be a struggle. As soon as the question of redistribution of power is posed in a concrete plane, the struggle and the contradictions to which it relates inevitably give rise to dramatic collisions. Externally, in the way they appear on the surface, they splash up in forms of both individual and also group or departmental conflicts, appearing in a way to conceal the true soil of social conflict. This is the dialectics.

As for economic science, it must play a vigorous role as an opponent of economic decisions worked out by government bodies and by proposing alternative strategies for those decisions. But that is the kind of role that should be played by the social sciences as a whole—not the role of an annotator of official decisions and reports, which they still have not departed from, but the serious role of socialist opposition along the entire front of constructive activity in the age of restructuring.

## INDUSTRIAL DEVELOPMENT, PERFORMANCE

### U.S.-USSR Industrial Production Statistics Compared

18200121 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 11 Dec 88 p 3

[Unattributed article: "To Overtake and Surpass"]

[Text] DIP. Few of our contemporaries remain who are able to expand this abbreviation as easily as our fathers and grandfathers did, as they called the first machine tools. DIP—to overtake and surpass [dogmat i peregnat]—are the words which became a slogan for the first five-year plans, for our new era. The gap between the United States and the other richest Western powers and our country, just beginning to create a modern economy, seemed insurmountable to some. But the impossible happened. That which had seemed unthinkable was achieved in the life of just one generation. In the years 1981 to 1986 we surpassed the Americans in average annual growth of national income (5.5 percent compared to 3.2 percent), industrial production (6.5 percent compared to 3.7 percent), and agriculture (2.3 percent compared to 1.6 percent in 1981-1985).

The gap is diminishing but it is still appreciable. Our national income comprises 66 percent that of America, industrial production nearly 80 percent, and agriculture approximately 85 percent. Our labor productivity lags by half in industry and by almost 1/5 in agriculture. The USSR produces about half of the electric power of the U.S. Grain and legumes comprise only 66 percent of the overseas level. And even though we have overtaken the United States in certain indicators (oil, steel, mineral fertilizers, cement, cotton and wool textiles, tractors, milk, meat, sugar, etc.) we know how much we lose because we work poorly, and we do not know how to store, transport or process what we grow and what we produce. We also know what harm the years of stagnation caused us and how much there is to do in order to compare with the developed countries in labor productivity and quality, the standard of living, and the achievements in various areas of science and technology.

### Roundtable on Problems, Development of Ferrous Metallurgy

18200069 Moscow SOVETSKAYA ROSSIYA in  
Russian 15 Oct 88 pp 1, 4

[Report of roundtable discussion by V. Andriyanov, N. Goncharov and S. Sadoshenko (Dnepropetrovsk): "Steel for the Year 2000"]

[Text] We are printing today under this title a whole page about problems of developing the country's ferrous metallurgy. The editorial board intends to continue this discussion with a series of published articles about technical rebuilding of the industry and about what metallurgical plants will be like in the next century.

The topics for these articles were suggested by our readers. Their concern is understandable: as goes steel, so goes the country. This truth, which more than once has withstood verification at abrupt turns of the epoch, is not subject to doubt even today, for metal, as before, remains the basic material of industry. But time introduces its revisions: serious competitors to metal, which in some cases are proving to be stronger, more reliable, more durable and, often, cheaper, are appearing. Just what are these materials, and what changes will occur in ferrous metallurgy because of their appearance? We hope, with the readers' help, to answer all these questions in the newspaper's offering, "Steel for the Year 2000."

How much metal do we need? Many years ago we reached first place in the world in melting steel, we were proud of this, probably, and there were bases for pride then. Today we are pouring more of all metals and still we do not have enough metal. Where are we going? To new millions? Or fewer millions but of better quality?

The answer to this question is not so simple as it may seem. The choice of strategy for developing ferrous metallurgy is, and this is the essence of the matter, the choice of developing all branches of heavy industry. More metal means more coal and coke, and already the coal producers are talking about a billion tons. The more the metal the heavier the machinery and constructional structure.... The little chain is being stretched out more....

Right now the concept of economic and social development of the USSR for the period up to the year 2005 is being worked out. It includes a reflection of the basic ideas confirmed earlier of the program for reducing the metals intensiveness of the net national product.

At the invitation of the editorial board, a discussion, "Steel for the Year 2000," was held for a couple of days ago at Dnepropetrovsk, one of the centers of ferrous metallurgy. Taking part in the discussion were the Deputy Chairman of USSR Gosstab S. Anisimov, Deputy Chief of the Consolidated Section of the Metallurgical Complex of USSR Gosplan A. Kogadeyev, Academician and Director of the USSR Academy of Sciences' Institute of Metallurgy N. Lyakishev, Academician and Chairman of the Pridneprovsk Scientific Center of the Ukrainian SSR Academy of Sciences V. Pilipenko, First Deputy Minister of USSR Ministry of Ferrous Metallurgy and General Director of the GPO [State Production Association] Yuzhmetallurgprom [Metallurgical Industry of the Southern Economic Region] S. Pliskanskiy, member of the collegium and chief of Engineering Administration of USSR Minchermet [Ministry of Ferrous Metallurgy] V. Antipin, supervisors of metallurgical enterprises, scientific-research institutes and ministries, and party workers.

From the first moments, the businesslike, strict discussion seethed. With extremely rare exceptions, there were no indifferent people here. It was felt that it was time for

such a discussion, that its participants would not back down as long as thoughts and specific proposals that are worn out and held for a long time were expressed by their opponents.

#### Where is the Indicator of the Turning Point?

[N. Lyakishev:] Most likely, a man who would say with a high degree of precision how ferrous metallurgy will be developed up to the year 2000 and beyond will not be found. But the whole future is based on the past, to the extent that forecasts of any kind can be made.

Not only we in this country but others abroad are putting the question: where will ferrous metallurgy development in the USSR go? For we have already surpassed the highest achievements of the U.S., when 150 million tons of steel were being poured there per year, but it is not evident that we can come to a stop—that is the main thing.

The extensive path of development dominated us for many years. We added 50-60 percent by introducing new capacity, 40-50 percent by intensifying older capacity, which lagged. As a result, we brought ferrous metallurgy to a very difficult position.

Right now 95 percent of the structural materials in our country is made of steel. In those countries where the development of ferrous metallurgy traveled the intensive path, 85 percent of the structural materials is steel. According to the specialists' computations, in 2000-2010 our basic structural materials will still be steel (at the 90 percent level), while in the U.S. it will be 75-80 percent. Aluminum, polymers, ceramics and composites, which are capable of replacing steel, have not been widely developed by us.

Now about metal quality. Lagging technology, the martensitic process, casting in ingots—all this hits quality badly.

[A. Kogadeyev:] We get more than 50 percent of our steel today from martensitic production.

[N. Lyakishev:] And that will continue until we turn away from the extensive path of development! More than once I have proposed that it is necessary to stop quickly the increase in volume of metal production and in the next five-year period to plan for a considerable reduction thereof. The money that is right now going into increasing steel output should be directed at improving its quality. Japan and the U.S. are continuing to invest in metallurgy the same amounts of capital investment they did earlier but they invest in improving qualitative indicators and the amount of metal production is being reduced.

[S. Pliskanovskiy:] I think that, in examining the qualitative characteristics of metal, we must take a look at who needs high quality. We do have the capacity but

orders from the customers for heat-hardened, low-alloy metal are small. Remember the example that was spread in the pages of probably all the newspapers. Nizhnyy Tagil introduced a department for wide-flange beams. And for two years there was no demand for them. Then when a customer was rebuilding, wide-flange beams proved to be in short supply.

One time we began to produce metal with differentiated guaranteed properties. The matter was in progress, but with each passing day the orders were becoming fewer. What was the matter? We examined this question jointly with the AN UkSSR [Ukrainian SSR Academy of Sciences]. It turned out that, in order for Minmontazhspetsstroy [Ministry of Installation and Special Construction Work], for example, to use this metal, a major reworking of the technical documentation was required. And so it happened that, instead of revising the source papers, we cast additional metal, expending enormous material and human resources.

[N. Lyakishev:] Yes, and now, unfortunately, the customers' striving to obtain metal more cheaply, but with poorer properties, is being clearly observed. For example, Minselkhoz mash [Ministry of Agricultural and Tractor Machine Building] refused high-quality metal of the Oskol combine. But we cannot knuckle under for such a customer. For many machinebuilding plants are successfully using this metal and are paying a higher price for it, obtaining an undoubted advantage from its reliability. True, in many cases it is possible and necessary to use ordinary metal, raising its properties. But this is not the mainline to metallurgical development. Our final aim is a mandatory rise in metal quality. Sooner or later the customer will require quality. If we are not able to raise metal quality to the proper height in advance, then we will find ourselves in a serious situation: they will stop taking our metal.

[G. Kulagin, Chief Engineer of the Dnepropetrovsk Metallurgical Plant imeni G. I. Petrovskiy:] How do you reduce ferrous-metal production? Very simply. Here is a graphic example. We have at the plant a barbaric method of obtaining metal—in ingots. Orders have to be awarded to the people who have worked at this section for 8-10 years. The continuous casting of steel is necessary instead. It not only permits the work to be mechanized but it also allows steel production to be reduced by 15 percent without a decrease in rolled-stock output.

[N. Lyakishev:] And when does USSR Gosplan intend to call for a reduction in steel-production volume?

[A. Kogadeyev:] The projections for developing the USSR's economy during the 13th Five-Year Plan call for a stabilization in the melting of steel and, later, beginning with the year 2000, production will steadily decrease.

[N. Lyakishev:] The answer of the USSR Gosplan representative on the pivotal question of our discussion puzzled me somewhat: when will the development of domestic metallurgy proceed? I want to emphasize once more: we must not put off a reduction in steel production for the year 2000. If we do not move to the intensive path of development, a catastrophic situation can be created in ferrous metallurgy.

[V. Filatov, Chief Engineer of Glavchermetproyekt [Main Administration for the Design of Ferrous Metallurgy Enterprises] of USSR Minchermet [Ministry of Ferrous Metallurgy]: I want to remark that implementation of the Metalloyemkost [Metal Consumption] program depends not only on the metallurgists but also on other branches. For example, the chemists should arrange for the production of plastic gas and water pipelines. And now it has been proposed that we should organize the production of 1.5 million tons of gas and water pipeline per year. We start to search for the resources and to divert them from reequipping the industry. Thus verbally we are for a reduction or stabilization of metal production, but actually we are putting ever newer workloads on the metallurgical workers, guided by needs of the moment.

[B. Golyayev, Deputy Director of TsNIIchermet [Central Scientific-Research Institute for Ferrous Metallurgy I. P. Bardin] of Minchermet:] I want to remind you of these figures: 710 million tons of steel were produced worldwide in 1986, just as much as in 1974. In so doing, the share of steel production of the developed capitalist countries was reduced from 58 to 40 percent, including a reduction from 19 to 10 percent in the U.S.

Under these circumstances, the Americans are developing a "strategy for the survival of ferrous metallurgy." This is what their annual conferences are called. The work of the third such conference in June 1988 accepted for the first time the participation of Soviet metallurgists. The recommendations of the conference were a rebuilding of the industry, rapid introduction of new technologies and steels, a rise in the quality of metal output, and an increase in the share of continuous casting to 90 percent or more—which are urgent also for the USSR's metallurgy.

In our country the production of pig iron, steel and rolled stock increased by an average of 2.2-fold in 1960-1975, of pipe almost 2.8-fold. In 1975-1990, the growth will be 10-20 percent, and of pipe alone 44 percent. Then, prior to the year 2000, production will be stabilized, and growth for pipe alone, for example, will be 17 percent.

A long-term program for reequipping ferrous metallurgy has been developed and is being executed. Priority is being awarded to the reequipping of rolling-mill and steelmaking production facilities. But in so doing, the classic technology for producing ferrous metals will be predominant up to the end of the century.

Question from the hall: And how is it with the revolutionary technologies:

[V. Golyayev:] The "ore to steel" metallurgical process, dispensing with pig iron and blast-furnace production, will be widely mastered. One of the variants of this process is being used successfully at Staryy Oskol.

The new metallurgical process "casting to rolling" will enable the technological process of melting-casting and the hot-rolling of metal to be linked up in a single industrial process. This process, which saves energy and reduces labor costs, has been approved already.

### The Shoals of Rebuilding

[V. Antipin:] By the year 2000 we should reduce the metals intensiveness of the net national product about half. Both world and domestic practice of metallurgy has groped about the paths along which ferrous metallurgy should be developed in order to resolve this problem.

[V. Filatov:] Reequipping the industry is primarily the reequipping of plants with the appropriate equipment. In order to organize the continuous casting of steel and the technical reequipping of rolled-stock production during the 13th Five-Year Plan, 1.8 billion rubles' worth of equipment is needed. And the machinebuilding ministries—Mintyazhmash [Ministry of Heavy, Power and Transport Machine Building], Minpribor [Ministry of Instrument Making, Automation Equipment and Control Systems], Minelektrotekhprom [Ministry of Electrical Equipment Industry] and Minstankoprom [Ministry of Machine Tool and Tool Building Industry]—for the time being are promising us 1.1-1.2 billion rubles' worth of equipment. That is, the question of supplying 30 percent of the equipment still has not been resolved.

There is still another most important question—the finishing of metal products. Where does one get the finishing equipment? We have been trying for two years to find out from Mintyazhmash the answer to this question, but there still is no clarity. Probably there is no way to work it out without the intervention of USSR Gosplan. If we do not resolve this problem, we cannot talk about any reequipping or realization of the Metalloyemkost program.

[S. Anisimov, Deputy Chairman of USSR Gosnab:] It seems to me that USSR Minchermet itself has driven its enterprises into a corner. It is not always correct to have at their disposal their equipment that is obtained from Mintyazhmash or from imports. In some cases it lies for years in warehouses, and in others it is more often aimed at new construction projects than at equipment updating and rebuilding. In its time Nikopol's Southern Pipe Plant was well known throughout the whole country. It was a reliable partner of collaborating entities. But Minchermet got carried away with the construction of new departments at this plant, and the old ones gradually fell into decay. Can it be that this was not obvious to the

ministry? Now it is clear to everyone that if the equipment of the departments for hot rolling tube are not renovated on time, then the delivery of very necessary output will be interrupted increasingly frequently. And the state will be compelled again and again to seek out foreign currency for purchases of pipe that is in short supply....

[V. Antipin:] We made our plans well for the 12th Five-Year Plan. We planned, for example, for 45-50 million tons of continuous casting of steel. And now we see with precision that we are interrupting what had been planned. And not because we had not been provided with financing or because of the lack of engineering papers. There is no equipment! The industry is being provided with equipment to the tune of only 40-60 percent.

We have to create equipment through our own efforts. We organized our own main machinebuilding administration and we are building three machines for continuous casting. This is instead of Mintyazhmash. Our association is beginning to produce flaw detectors, although they should be supplied by Minpribor. Thus, this may go a long way.

In January of this year a ring-rolling division with a designed capacity of 120,000 tons of products per year was put into operation at the Nizhnedneprovsk Tube-Rolling Plant imeni K. Libknekht. The equipment, supplied by Uralmash, is idle more than it operates. For this reason the plant already has 9 million rubles in losses.

When the metallurgists deliver defective metal, they reimburse the cost of the defect. Why, then, do the machinebuilders not bear any kind of responsibility for their defects?

[M. Chertkov, Main State Sanitation Physician of Dnepropetrovsk:] We have our own complaints about equipment, especially for tube-rolling production. That which is being produced also has a higher noise level. This causes neuritis of the auditory nerves. And, in the second place, vibration illness.

[V. Reshetov, a division chief of VNIImetmash [Central Scientific-Research Institute for Metallurgical Machinebuilding] of Mintyazhmash:] Yes, the machinebuilders are not managing to satisfy the metallurgists' equipment requirements. But it is no secret to anyone that since the Great Patriotic War the country practically has not built a single machinebuilding plant that specializes in metallurgical equipment. We now receive from Minchermet vast programs for deliveries of machines for continuous pouring, vacuum melters, units for final processing of steel, and so on. But the machinebuilders do not have enough capacity.

[V. Filatov:] If we do not change the interrelationships of the machinebuilders, designers, builders and clients, if we do not solve problems of supplying materials and

issuing documentation for construction in progress, then we shall not cope with either the reequipping of the branch or with the Metalloyemkost program.

What must be done: Combine three cycles in time—the designing of the equipment, the issuance of documentation for construction, and the construction proper. That is, it is necessary that, simultaneously, the machinebuilders develop the equipment, we formulate the design documentation, and the builders build at the same time the design documentation is being developed. But this matter is not succeeding. The sole facility where these three process were combined was the aluminizing unit at the Cherepovets Metallurgical Combine.

At other facilities we work the old way.

More than once we have posed the question about the need for parallel design and construction and the USSR Council of Ministers made assignments, but everything is done the old way. USSR Gosstroy, by decree No 751, arbitrarily prohibited builders from accepting documentation from us after 1 July, although the USSR Council of Ministers decree stipulated that we had the right to issue documentation prior to the end of the year being planned. Gosstab also should resolve supply problems not in the year prior to the start of construction but while the construction progresses.

Right now we are building here with the help of the Italians a tube plant—a colossal complex that costs a billion rubles. Under our criteria, we would dawdle over the plant for at least eight years, while this way we stay within 3.5 years.

[A. Solovyev, Chief of the Capital Construction and Design Consultants for GPO Yuzhmetallurgprom:] The builders have six priority branches which they serve first. But you do not find ferrous metallurgy among them. Therefore, each year the builders at our GPO's facilities get farther and farther in arrears. In the two years of this five-year plan alone the lag in assimilation has been about 200 million rubles of capital investment. Perhaps it is worth it to Gosplan and Gosstroy to restore ferrous metallurgy as a priority branch?

[A. Kogadeyev:] The degree of priority is determined on the basis of the significance of the tasks that face one branch or another during the period being planned. This priority can be set forth in the plans, but during their implementation it frequently is violated because of the unsatisfactory work of investment-process participants—the client, the builders and the machinebuilders. Thus, during the last five-year plan, 430 million rubles of capital investment called for by the plans were not used at the Ukraine's ferrous metallurgy enterprises.

A priority area in ferrous-metallurgy development is the introduction of continuous casting of steel, which was also called for under the five-year plan. Today about 20 percent of the country's steel is being cast by this

method, while at Yuzhmetallurgprom enterprises the figure is only 7 percent. It was planned to introduce 41 installations for continuous casting of steel, including 11 installations at Ukrainian enterprises, during the five-year plan. Actually, out of 15 installations only 7 will be put into operations, while at the Ukraine's enterprises, only 1 out of 3 installations can be introduced. Continuous-casting installations at the imeni Dzerzhinskiy and imeni Ilich combines are being erected at unsatisfactory speeds, and the guilty here are, aside from the machine-builders and the builders, USSR Minchermet's designers, who did not ensure development of the design and budget-estimating documentation on time. Therefore, to the extent that the metallurgists' share in the builders' plans has been reduced, the clients themselves are guilty to a lesser degree.

[V. Antipin:] When the 12th Five-Year Plan was started, everyone had identical starting positions. And what about now? Let us take a look at how matters are going at Magnitka [Magnitogorsk Metallurgical Combine]. The converter department is embarking on next year's task, the new 2000 mill for hot rolling is growing, and the site for a 2000 mill for cold rolling is being readied. And all this during one five-year plan. Because the supervisors there of the city and oblast are engaged purposefully in rebuilding.

[K. Nosov, General Director of the Krivoy Rog Metallurgical Combine imeni V. I. Lenin:] During the reequipping of Krivorozhstal we were allocated miserly capital investment—about 15 million rubles. When the current five-year plan was being prepared, measures were also drawn up for reequipping the combine, in the hope of getting state budget funds. Now they say: do the rebuilding with your own money—and leave the control figures as they were. We would do so gladly but, for example, we are left with only 14 million from the combine's deductions. And at the combine are 800 million rubles' worth of fixed capital! Let alone the installed equipment....Do we wait to rebuild under such conditions?

### The Economic Aspect

Since 1 January of this year, ferrous-metallurgy enterprises have converted to self-financing and self-reimbursement. Already the first conclusions about work under the new management conditions can be drawn. The main thing is that even some debtor enterprises now regularly report 100 percent fulfillment of contracts and are producing output above the plan. But this is right now, and what will happen during the next five-year plan? The nearest outlook is causing no few worrisome questions.

[S. Anisimov:] Right now the problem of how to dispose of the metal received is being faced squarely. At many enterprises it is being squandered thoughtlessly, it is being converted into chips, it is being put into metals-intensive machines. For years much of it has been left in uncompleted construction, in surpluses above the standard, and it has become unusable. At Mintyazhmash, for example, by the end of the first half of the year excesses

of finished rolled stock came to a little less than 110,000 tons, that is, one-third more than the planned carryover reserves. Yet everywhere they are shouting about a shortage of metal!

Even Minchermet's own plants promote metal savings poorly. As before, they push for gross output and do not always fill orders for effective types of rolled stock. Giant enterprises that find it difficult to reorganize in accordance with new demands by customers are especially sinful here.

[A. Kogadeyev:] The services of small metallurgical plants would be appropriate here. But their are extremely few of them.

[V. Kirsanov, Deputy Director for Savings of the Plant imeni K. Libknekht:] Is it not now time to authorize enterprises to deal directly with foreign companies? Our Tube-Rolling Plant imeni K. Libknekht, for example, in exchange for tube and wheels sold abroad, could buy abroad good flaw detectors and improve output quality. At present, even if you have convertible currency, you can get only the right to buy and then you still pay rubles for it. Why the dual price? There should be one.

[K. Nosov:] Kabaidze spoke at the All-Union Party Conference. He spoke well....But Ivanovo's machinebuilders were under conditions entirely different from those of the Krivoy Rog metallurgists. We had no rights. Last year we sold billets above the plan. We were promised that we would get earnings for first-quality category output. Nothing was received.

The standards that were established for us are ludicrous: 13 kopecks out of a ruble. Wherever we turn, to whomever we prove that this is not much, nothing changes. Despite the fact that the combine fills orders 100 percent and has 10 million rubles of above-plan profit, its financial position is catastrophic. It will become insolvent

Or take, for example, the cooperatives. An efflux from the enterprises went there. Why? Because the conditions there for organizing work and forming the wage fund were completely different. While we, a large state enterprise, find ourselves under conditions not equal to those of a cooperative because we have everything planned rigidly; it is established once and for all, with no room for maneuver.

[N. Lyakishev:] Prices for metal are a very important question. It is generally known that our metal, in comparison with foreign metal, is 2.5-fold cheaper. And if one speaks frankly, it is not 2.5-fold but 10-fold. We sell metal for 55 kopecks per kilogram, and we buy equipment for 11 rubles. How will ferrous metallurgy be developed under such circumstances?

Krivoy Rog director K. Nosov said correctly that soon ferrous metallurgy will become unprofitable. Price-setting in our industry must proceed as it does in instrumentmaking and machinebuilding.

[K. Nosov:] With one hand we vote for metal quality, with the other we give to the director who orders its quality to be reduced. Here is a fresh example. Next year we are to reduce pig-iron consumption for steelmaking conversion that already works that way on overoxidized metal. The consumption of 750 kg of pig iron per ton of converter steel has not been confirmed by any technical directives, nowhere does one operate that way. It turns out that we will cut pig-iron consumption, and the customer will get low-quality metal.

Question from the hall: Do you need this plan indicator at all—consumption of pig iron per ton of steel?

[K. Nosov:] Of course it is not needed. This is our internal affair. But it is planned!

#### And for a Clear Sky

Not long before the discussion at Dnepropetrovsk, our newspaper published the correspondent's report, "A Power Variant," in which variants for building the Dnepropetrovsk Metallurgical Plant imeni Petrovskiy were referred to. The authors of the piece advocated an ecologically clean variant—the elimination at the plant of all production work except for rolling, and they criticized USSR Minchermet and the UkSSR Council of Ministers, which insisted on retaining the full metallurgical cycle.

It is clear that the discussion's participants could not get around this newspaper statement. Moreover, the most heated disputes raged around it. In this article we shall not cite all the details of the discussion, since the topic of discussion is not limited just to ecological problems. But the discussion indicated that the ecological aspects of further development of ferrous metallurgy disturb everyone.

[S. Pliskanovskiy:] The share of harmful discharges into the atmosphere by GPO Yuzhmetallurgprom enterprises throughout Dnepropetrovsk Oblast is about 24 percent, while at the oblast center it is 15 percent. By 1995 we shall reduce the discharge of harmful substances into the atmosphere by 40-50 percent, and we shall cut down our enterprises' water discharges into water bodies.

[S. Shalamov, Chief of Dnepropetrovsk Oblast Inspectorate of UkSSR Goskompriroda [State Committee for Nature Conservation]: Our oblast is in second place in the republic in quantity of harmful discharges, 70 percent of it being the share of Minchermet enterprises.

[M. Chertkov:] Questions of work safety have now become first priority. We see our problem as that of improving the metallurgists' working conditions. Both the GPO and the ministry must change their psychology on this question.

How can one speak about new construction in Dnepropetrovsk? But the rebuilding of the Plant imeni Petrovskiy (one must not close his eyes!) is actually new construction. And do you know that in Leninskiy Rayon of the city, where the Petrovka is located, the morbidity is one and a half to three times that in the relatively clean rayons?!

The metallurgists are assured that no one will let the plant be closed. No, comrade, it is time to renounce the old stereotypes that metal is more important than people's health. There has been enough talk about improving the ecological situation, it is time for Minchermet to convert from words to deeds, to change its policy.

[V. Antipin:] Minchermet's position has been defined: we are for updating the Plant imeni Petrovskiy and for retaining the full metallurgical cycle. New equipment and technology will greatly improve the ecological situation in the city.

[A. Kogadeyev:] Already now about 60 percent of capital investment is directed toward the rebuilding and re-equipping of existing metallurgical-industry enterprises. In so doing, it is mandatory that ecological problems be solved.

[V. Pilipenko:] There is a specific proposal for ways to further improve the Plant imeni Petrovskiy. Since the two points of view have been drawn accurately and in detail, I propose to ask the USSR Council of Ministers for their decision to create an interagency commission that would get to the heart of the whole thing and report its solution to the Council of Ministers. If this is not done, one can go up a blind alley.

The people who gathered about the "round table" are people who by no means know what metal is by hearsay, they are those who are associated directly in working out ways to develop the industry. They were all unanimous in evaluating the state of affairs in the country's ferrous metallurgy. Disquieting, however, is the fact that perhaps the severest question for today—when will ferrous metallurgy moderate the push for tonnage at any price and focus the main attention on raising output quality, when will our country reach advanced frontiers in reducing the metals intensiveness of the net national product?—remained unanswered. A hot dispute raged around ecological problems. Here, as in technical updating of the industry, there are many unresolved questions.

And what do you, our readers, think about the state of affairs in ferrous metallurgy, about the use of its output, and about the interactions of all elements of the industrial complex, where the metal is being used! We hope that scientists and specialists, blue-collar workers and designers, representatives of ministries and agencies, and plant directors will continue the discussion, "Steel for the Year 2000."



## REGIONAL DEVELOPMENT

### Development of Soviet Far East, Asia-Pacific Region Viewed

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INDUSTRIYA in Russian 11 Sep 88 pp 1, 3

[Article by B. Klyuchnikov, professor, chief scientific associate of the Oriental Studies Institute of the USSR Academy of Sciences: "How Do We Answer the Call? The Soviet Far East on the World Map."]

[Text] "The Slavs, who for three centuries were fated to press against the sun, toward the East stand now with their immense realm before the United States, a branch of the German tribe, which in the meantime developed as irrepressible aspirations to the sun in the West." This is what the Russian scientist and traveller Middendorf wrote in 1860. He was one of those who understood the historical significance of the almost simultaneous outlet to the Pacific Ocean of the two superpowers of today. The whole world knows how the Americans went to the Far West, if not on the basis of scientific sources, then on the basis of innumerable films. We have proved to be less grateful descendants. Up to now, we know little about the history of the discovery and the development of Siberia and the Far East. Meanwhile this is one of the amazing pages in the human history of the development of the planet. An epic which lasted for more than 3 centuries! In the icy wilderness in the struggle with the immense space, with frost and swamps, in the taiga and in the "very cold sea", the outstanding intellect, will and farsightedness of the Russian explorers were manifested.

#### The Pacific Century

The story of the development of Siberia and the Far East after the October Revolution is better known. The most remarkable landmarks were the construction, during the years of the first five-year plans, of the Uralo-Kuznetsk Combine, which was the realization of the Leninist idea of the creation of an industrial complex in Siberia. During the same years, Komsomolsk-na-Amur was built, during the postwar years the formation of the Far Eastern territorial production complexes began, and, finally, the construction of the Baykal-Amur Trunk Line—the supporting trunk line for the attack on the North.

Yes, there are achievements, and considerable ones. Of course, we should study at what price we received them. The main thing is with whom and how to compare. There is little use to remember today that the processing industry of the Far East at the beginning of the century constituted 0.35 percent of the total Russian processing industry and grew since that time by 100, 173, and 202 percent, etc. But to compare the level of the development of the DVER [Far East Economic Region] with the neighboring countries of the region makes more practical sense because we live in a century of interdependence. Our Far East geographically is a constituent part of the

Asia-Pacific Ocean Region (ATR), and it will have to take part in regional cooperation and make use of the international division of labor.

When you look through the directives of the congresses for the last five-year plans, you come to the conclusion that the problems of the development of the Far East have been given attention constantly. However, the programs for the development of the Far East in many cases were based on short-term tasks, and spurts and irregularities in the rhythm of the development of the productive forces of the Far East are observed.

In 1986 the share of the Far East Economic Region in the total industrial production of the country came to a total of 3 percent. It was almost as much 30 years ago. Consequently, the accelerated development of the region did not take place. On the contrary, many specialists are sounding the alarm, believing that the stagnation phenomena in the 1970's and 1980's were manifested especially sharply here. There was a reduction in the production growth rates, social programs were not carried out, and the material base of science and education, public health and cultural and consumer services for the population was weakened.

It seems that we did not make a timely assessment of the new international situation that began to take shape in the 1960's in the Asia-Pacific Ocean region, and we did not realize the historical necessity of the priority and intensive development of the Far East Economic Region. The social programs have been especially unoriginal and ineffective. On their basis it has proved to be impossible to secure population growth and to stimulate migrants. During the last 30 years, the population here increased by only 3 million people and altogether comes to slightly more than 7 millions.

The time has come to look at our Pacific Ocean expanses in a new way—as a part of a mutual dependent and in many respects integral world. At present, powerful factors have appeared which insistently dictate the necessity of transforming the Soviet Far East into one of the most economically flourishing regions of the country.

You see, both the United States and Canada quite recently were basically Atlantic countries. Now their identity is the Pacific Ocean coastal region. During the past 30 years, it is precisely the Asia-Pacific Ocean region which has become the center of an unprecedented economic dynamism.

The most important factor of the rapid shift of the center of the planet's economic life to the Pacific Ocean, without a doubt, is the economic development of Japan, which before the eyes of one generation has become a great economic power. Rapid growth is observed also in the other countries of the Asia-Pacific Ocean Region, especially in those that are located in the immediate vicinity of the Primorye, Sakhalin, and Kamchatka. The average annual growth rates of the gross national product

in the countries of the Asia-Pacific Ocean Region for many years already exceed the average world indicators by a factor of 2-3: In Indonesia and Thailand they amounted to 6.8 percent during 1973-1984, in Malaysia—7.3 percent, in Singapore—8.2 percent, in Hongkong—9.1 percent, in South Korea—7.2 percent, and in Taiwan—7.7 percent. During the past year, the average annual growth rates of the “four tigers”—South Korea, Taiwan, Hongkong and Singapore—came to 11.4 percent.

Let us consider the figures some more. The population of these countries constitutes a total of only 2 percent of the population of the “Third World,” but already by 1982 they produced more than 7 percent of the gross product of all the developing countries, produced one-fifth of their export and 60 percent of the export of finished articles. China—the great Pacific Ocean power—is also rapidly developing its economic potential.

Stormy processes of “Westernization” are taking place in the United States. The country is swiftly turning to the West. The economic weight of the Pacific Ocean states is steadily growing: In 1950 the five states of the Pacific Ocean coast of the United States produced 28 percent of what was produced in the 18 states of the Atlantic states; in 1960 already 35 percent, in 1982—42 percent, in 1985—43 percent. The population of the Pacific Ocean states in 1960 came to one-third of the population of the Atlantic states, but in 1985—already almost 40 percent. Moreover, in the Western states, above all in California, the most modern and science-intensive sectors of industry are concentrated.

It is worthwhile to reflect on the following facts: By the beginning of the 1980's, the United States traded more with the countries of the Pacific Ocean basin than with its traditional partners—the countries of Europe. The other developed countries in the world, including the future economic giants—Australia, Canada, and Mexico, and even the remote West European countries, are also gradually reorienting their economic relations toward the countries of the Pacific Ocean basin.

The explanation is simple: 15 countries of the basin already produce almost one-third of the world gross product, they account for half of the world industrial production. And what lies ahead?

Several years ago, a group of Japanese economists headed by the well-known scholar and former minister of foreign affairs of Japan, Saburo Okita, published prognoses of the development of the Asia-Pacific Ocean Region and the entire Pacific Ocean region. They are collected in the report “Japan in the Year 2000.” The scholars calculated that, if Japan will succeed in securing in the 1990's growth rates of its economy of 5.9 percent per year, and the other countries of the Asia-Pacific Ocean basin—7 percent (taking the results of the past

years into account, this is entirely possible), then the Asia-Pacific Ocean region will overtake the economy of the United States and Western Europe, taken together.

Behind the economy, S. Okita believes, political and strategic changes in the correlation of forces in the world will follow. This means that the United States, too, will rapidly turn to the West.

#### What Is the Phenomenon?

Mankind, apparently, has attained such a level of development of the productive forces that it can in real earnest take up the development of the gigantic expanses of the Great Ocean, to utilize its rich resources, transportation possibilities, and the natural and climatic conditions, with efficient return. The most far-sighted scholars and politicians predicted this already in the past century. K. Marx wrote: “. . . The Pacific Ocean will play the same role as the Atlantic Ocean is playing now, and in ancient times and in the Middle Ages the Mediterranean—the role of the great waterway for world relations: And the Atlantic Ocean will be reduced to the role of an internal sea, which the Mediterranean plays now.”

The gigantic increase in the role of the countries of the Pacific Ocean basin represents the most important trend in world economics and in world politics. The 21st century promises to become the century of the Pacific Ocean. This circumstance has the most direct relationship to us as a country and as a people. We have to take fully into account, and not only to theorize, that within the framework of interdependence powerful integration processes are under way and new regional economic relations are developing, which sooner or later will encompass all countries and will overcome all and any economic boundaries and barriers. This world process requires our inclusion in rates and scales of socioeconomic development that are equal with our neighboring countries, and thus different ones than those of the present.

Meanwhile we have become accustomed to measure everything by settled measures and to see events in a rosy light. A sober look at the development of the Asia-Pacific Ocean Region shows that our Far East feebly or not at all takes part in the increasingly stronger regional cooperation and more and more lags behind its neighboring countries in its economic development. The situation of the Far East may become dramatic in the full sense in the decades ahead. We do not have more right to seek consolation in the individual successes of its economy. We must compare its economy with the other countries of the Asia-Pacific Ocean Region, both quantitatively and qualitatively. We are obliged, finally, to realize deeply the historical consequences of the lag of the Soviet Far East in the context of the development of the countries of the Asia-Pacific Ocean Region.

### A Region of Special Development

In the boundless expanses of our Far East, only 0.7 percent of what the countries of the Pacific Ocean basin are produced—which is 30 times less than what Japan produces, and 12-15 percent less than what is produced by the five Pacific Ocean states of America. Is it surprising that foreign economic prognoses simply do not take our Far East into account. The time has come to ponder what we are achieving, when we ourselves, whether we realize this or not, impede the inclusion of the Far East Economic Region in world economic relations. You see, this is what our class antagonists are trying to achieve! We cannot anymore fence ourselves off from the economic activity that is in full swing in our neighboring countries.

Our enemies in the Congress of the United States call our Far East a backyard, a "neglected courtyard" on the Pacific Ocean, where the Russians, as in the 18th century, are represented by trade stations, mines, armed forces, and exiles. Let the picture be distorted for ill-intentioned motives, but the realities of world politics compel us to acknowledge that only a geographical and military presence in the present situation already cannot guarantee the status of a great Pacific Ocean power.

The trip of M. S. Gorbachev during 25-31 July 1986 to the Far East became an impetus to the recognition of the realities. He especially emphasized the danger of "political short-sightedness" with respect to this region. It was recognized as necessary to develop a long-term state Program for the Comprehensive Development of the Productive Forces of the Far East for the Period to the Year 2000. But we must also look farther.

The Far East is in need of a change of the very conception of development. Space is opening up for new political thinking and for social and economic experiments. The situation in this region of the world is taking shape in such a way that we must take extraordinary measures in the very near future. Geopolitics is not mysticism. At its basis lie the processes of regionalization. It is on it that our enemies have based, and still base, the long-term strategy of the "exclusion of the Russians" from the Pacific Ocean basin. Not claiming completeness or correctness in all questions, I will try to set forth what is meant by the new view and the extraordinary measures for the Far East.

We must begin with overcoming in the consciousness of the people the Eurocentric view of our country, according to which the head of the country is in Europe, and the tail somewhere in the Far East. In the course of 20-30 years, the country must literally turn to the East and attract there tens of millions of the most energetic, enterprising and industrious people. They will have to create the Pacific Ocean Economic Region in the course of one generation, having thrown its windows and doors wide open for international cooperation.

Important is the realization of the special national importance of the Far East Economic Region and its enormous possibilities in the context of the world economy. What is needed is the understanding of a simple, indisputable fact: Without the Far East we are really not so rich, great and promising as a nation. Here, in the Far East, rapid development, above all, is necessary. The program for the economic and social development of the Far East territory must be comparable in the scale and concentration of forces with industrialization or with the postwar reconstruction period.

In developing a new conception for the development of the Far East Economic Region, one could begin with the reassessment of the potentials of the various zones of the Far East. Why does the white silence of the northern expanses attract our economists, like bewitched? They are really filled with incredible riches, but to take them out with the present engineering and technology is very difficult and very expensive. It is possible that this will be the task of the people and the technology of the 21st century. Perhaps, for the time being, it is more expedient to concentrate our efforts on the intensive development of the southern regions—Primorye, Southern Sakhalin, Amur Oblast, and Kamchatka, which are situated on the latitudes of the Crimea, the Northern Caucasus, and the Ukraine, and which are close to China, Korea, and Japan.

The world-renowned explorer of the Far East V. K. Arsenyev admired the striking riches of the kray: "It seems, nature purposely selected these places to show what the productive power of the earth can be." The climate is unusual, in places severe, but favorable for full-fledged life and activity. The southern territory can become a reliable home for tens of millions of Soviet people, which the northern islands became for the Japanese.

It seems, the time has come to build a conception of the development of the Far East on a firm basis—with the help of a powerful migration influx of Soviet people for a permanent place of residence. For this, it is necessary to move away from the raw material orientation of the economy. The stress must be laid on the development, in the southern zones, of the processing industry and the export sector, on the creation of its own powerful scientific base and science-intensive, promising sectors. The difficulty consists in the fact that, of the the factors of production, there is only one—land, the others—manpower, capital, and science, are inadequate.

### A Gigantic Spurt Is Needed

Manpower resources represent the main link. It is necessary to make use of the indisputable advantage of socialism in the ability to concentrate the efforts on priority programs. The strategy of the acceleration of the development of the southern zones of the Far East must not be a copy of the general strategy of acceleration. What is good in the Donbas does not necessarily become

established here. What is needed in the Far East is not ordinary, but, I repeat, extraordinary measures. If we want millions of people to migrate to the new territories and settle there, then it is necessary to create significantly more favorable and even attractive conditions here, let us say, several orders higher than in the European oblasts. This is not only the possibility to earn two-three-four times more, but also to buy what you cannot buy in the European regions. In order to make life in these localities settled, and the economy healthy, the law of value must be given free range, including the bold inclusion of local enterprises in the international and regional division of labor. A large role can be played by "loans for the development of the Far East" and the development of a system of credit. The steps that are being undertaken must be widely advertised and tourism must be encouraged to acquaint the country with the Pacific Ocean basin.

Who will solve all of these problems and create the conditions for the new settlers? The state can and must do a great deal, but the main stake must be on the new settlers themselves, on their enterprise, personal initiative and interest. Here one can conduct an important experiment in regard to the restructuring of the foundations of management unlimited by any bureaucratic obstacles and giving full scope to the human factor. This means to attract and support in bold labor aspirations the most energetic, educated, purposeful part of the people, capable of creative search and risk. The stake on spontaneous activity, on cooperation, on local industry, handicraft and trade will facilitate the tasks of the state, which is "overburdened" with concerns. It puts obstacles in the path of gigantomania, low return on investment, and bureaucratism. The main task of the state must consist in the creation of the basic links of the infrastructure, of that which the cooperatives cannot cope with at first. The state will also have to concern itself with the protection of the environment.

An extraordinary program requires a special mechanism for its realization. During 1920-1922 there existed a Far Eastern Republic. Of course, the reasons for its formation and its goals were different, since the situation was completely different than now. Important, however, is the principle of the isolation of this region and its strategic value for the future of the country.

Apparently, there is sense in developing and testing in our Far East still more radical measures, in proceeding to still bolder experiments. It is important to give a powerful impulse to the economy. We have to facilitate economic relations with China, Japan, and with the People's Democratic Republic of Korea, to develop coastal and border trade with them, to ease the exit abroad of Soviet citizens on business, to practice the exchange of experience and the sending of talented young people for study in the countries of the Asia-Pacific Ocean Region.

It is necessary to concentrate our efforts on the creation of the export sector. This is not a simple task, where demand and prices for raw materials are falling. We

must study in the most careful manner the experience of the creation, within a short time, of a powerful export economy in the neighboring countries. There is something there to learn from. The export sector must include the output of products in cooperatives, in small and medium enterprises, which must have direct relations with foreign firms. We must especially study the question of the optimal dimensions of the production units for this region, as well as the structure of the regional economic complex.

Tempting conditions of life and work can be created not only through economic advantages, but also through other measures. Among them, for example, is the financing of high-quality housing construction, deferment of military service, high quality and comparatively simple access to vocational education, and intensive educational and scientific relations with the other countries of the region. Nothing, except, of course, the interests of defense and state security, should limit the enterprise and creativity of the migrants.

In combination and on the ground of domestic economic dynamism, it will be possible to approach in a new way also the joint enterprises, having granted them in the Far East, as a whole or only in certain of its zones, conditions of the most favorite nation treatment in open ports. It will be possible to interest them in the growing Far Eastern market and in production cooperation, and not only in raw material.

These are only a number of elements for a new conception of the development of our Far East. It is important to understand the whole seriousness of the challenge which is presented to us by the rapid development of the other countries of the Pacific Ocean basin. No matter how great, numerous and urgent the tasks may be that the country is solving in the course of restructuring, we do not have the right to forget about this challenge.

### **Regional Development Tasks in Soviet Far East Outlined**

#### **Magadan Oblast**

*18200260 Moscow PLANOVOYE KHOZYAYSTVO in Russian No 6, Jun 88 pp 101-104*

[Article by T. Borozna, deputy chairman of the Magadan Oblast Executive Committee, chairman of the Oblast Planning Commission, Magadan: "Economic and Social Development of Magadan Oblast"; first three paragraphs are PLANOVOYE KHOZYAYSTVO introduction]

[Text] The USSR Gosplan with the participation of the USSR Academy of Sciences, ministries, departments, and local party, Soviet, and economic bodies developed the Long-Term State Program for an Overall Development of Productive Forces in the Far Eastern Economic Region Until the Year 2000. An article by N. Singur "The Far

**East: Overall Development of Productive Forces,"** which sets forth the strategy of acceleration of the region's economic and social development, was published in the March issue of our journal.

The Far East is characterized by a diversity of natural-climatic and economic conditions in various zones and in this connection by particular features in the realization of the program's assignments for seven administrative regions located on its territory. The editorial department is planning the publication of a number of articles on the economic and social development of krais and oblasts in the Far East.

In this issue the journal familiarizes readers with the problems and prospects for the development of Kamchatka and Magadan oblasts located in the north-eastern zone of the Far East.

The Long-Term State Program for an Overall Development of Productive Forces in the Far Eastern Economic Region, the Buryat ASSR, and Chita Oblast for the Period Until the Year 2000 is the basic document for determining the prospects for the economic and social development of this region, including Magadan Oblast. The oblast's role in the specialization of the national economic complex of the Far Eastern Economic Region is determined primarily by the development of mining and fishing industries here, which account for 76 percent of the total volume of industrial production.

Owing to a number of objective and subjective factors, a number of disproportions have been formed in the oblast's economic complex, which have diminished its role in the system of intraregional division of labor and distribution of productive forces in the Far East. First of all, this is the lag in the social sphere, especially in housing construction. In 1960-1985 the rates of growth of housing commissioning outstripped the population growth negligibly, as a result of which the provision of the oblast's population with housing increased by 30 percent during that period, but remained 19 percent lower than in the RSFSR. The provision with school places was lowered by 2.5 points and with hospital beds, by 6.4.

Naturally, such a situation could not fail to have a negative effect on the formation of labor resources in the oblast. In the last few years the absolute population growth by virtue of migration in average annual terms was reduced to almost one-half.

The oblast's priority in the levels of average monthly wages of workers and employees was lowered. In the RSFSR from 1970 through 1985 the average monthly wages of workers and employees increased by 55 percent, but in Magadan Oblast, by only 45 percent. Nor did the oblast attain an outstripping growth in the sale of consumer goods.

All these factors in combination with the lag in the development of the production infrastructure and the insufficient level of cultural services lowered the attractiveness of the Far North as compared with other regions.

The research conducted by the Institute of Biological Problems of the North at the Far Eastern Department of the USSR Academy of Sciences in 1974 showed that 43.7 percent of those that arrive in the oblast leave it after 3 years. The most intensive departure occurs during the first year, that is, 21.3 percent, and during second and third years, 12.7 and 9.7 percent respectively.

The proposals for the Concept of the Oblast's Economic and Social Development for the Period Until the Year 2000 formed the basis for the assignments for an overall development of the oblast's productive forces approved by the long-term program. The preparation of proposals for the concept of development and the long-term program coincided in time, which made it possible to approach the evaluation of prospects for the oblast's economic development in a more overall manner.

The North-Eastern Comprehensive Scientific Research Institute, the Institute of Biological Problems of the North at the Far Eastern Department of the USSR Academy of Sciences, and the Zonal Scientific Research Institute of the All-Union Academy of Agricultural Sciences imeni V. I. Lenin were enlisted in the preparation of proposals for the long-term program.

The proposals prepared by scientific organizations and planning and economic bodies were examined in the apparatus of the USSR Gosplan representative for the Far East and then in USSR ministries and departments and the USSR Gosplan.

Objections on the part of individual sectorial ministries and departments, which did not yet give up the residual principle of allocation of funds for social development, had to be rejected in the course of work on the program. Basically, the proposals prepared in the oblast were adopted for most needs.

Unfortunately, the problem of providing construction projects in rural areas with house building sets is becoming more acute. The construction by the USSR Ministry of Nonferrous Metallurgy of a house building enterprise at the base of the Vanino Timber Industry Complex would help to solve it. To this day, however, this matter has not received the ministry's support.

The development of the mining industry in the oblast during the forthcoming period will be aimed at drawing into the economic turnover mineral and raw material resources containing nonferrous, noble, and rare metal ores on the basis of the establishment of new and reconstruction of existing mining enterprises with a view to ensuring during the 14th Five-Year Plan not only a stabilization, but also a constant increase, in the rates of

the sector's development. For this purpose provision is made for an outstripping development of the ore and raw material base, increase in the overall processing of ores, full extraction of useful components from them, transition to large-scale overall development of nonferrous metal deposits, including the Pyrkakay tin ore and Dukat silver deposits, reconstruction of the Valkumey Mine and the Mine imeni Matrosov, and construction of the Karalveyem Mine. On the whole, the capital investments allocated for nonferrous metallurgy sectors in 1986-2000 are to be tripled as compared with the preceding 15 years.

Despite the significant role of the Magadanrybprom Association in the national economic complex of the oblast and the Far East, for a long time the USSR Ministry of the Fish Industry did not pay proper attention to its development. Coastal fish processing enterprises and the fishing fleet became obsolete and worn out to a considerable extent and social and domestic problems became seriously aggravated there. Therefore, the capital investments allocated for the fish industry during the forthcoming 15 years are to be increased 2.5-fold as compared with the preceding 15 years.

Along with fishing and mining sectors the long-term program pays much attention to the development of sectors of the fuel and power complex in Magadan Oblast. The production capacities of open coal pits and mines will double, which will make it possible to almost fully meet the oblast's needs for locally produced coal. Before the year 2000 it is planned to establish a new open coal pit at the Lankovskoye Deposit and on the basis of its coals to build a second heat and electric power station in Magadan. Ust-Srednekanskaya and Amguemskaya hydroelectric power stations will be put into operation. As a result of the fulfillment of the outlined measures, including the reconstruction of existing stations, among them the Bilibinskaya Nuclear Power Station, the oblast's power generating capacities will increase almost 2.5-fold.

One of the leading places in the program is assigned to the agro-industrial complex.

Assignments for the production of basic agricultural products are set on the basis of the need to fully meet the population's requirements for such food products as fresh chicken eggs, whole milk, pork, poultry meat, and vegetables of a local assortment (cabbage, radishes, and so forth). The production of livestock and poultry is to be increased 1.7-fold, of milk, 1.8-fold, of eggs, 1.4-fold, of vegetables, 2.5-fold, and of potatoes, 2.7-fold. Big efforts will have to be made to raise productivity in animal husbandry, yield in plant growing, and feed procurement through an increase in agricultural, including arable, land.

Measures to strengthen the processing sectors of the agro-industrial complex have been mapped out. Capacities for the production of 13.5 tons of meat and 60 tons of whole-milk products per shift will be commissioned during 15 years.

The long-term state program assigns a paramount place to social problems. By the year 2000 the commissioning of dwelling houses is to be increased 2.8-fold and of children's preschool institutions and schools, 2-fold as compared with the 11th Five-Year Plan. At the same time, the per-capita provision with the total area of dwelling houses will increase from 12.2 to 19.3 square meters (1.6-fold), with preschool children's institutions, from 80.3 to 102.6 places (1.3-fold), and with student places, from 111.3 to 168.7 (1.5-fold). The provision with hospitals and the level of medical aid are improving owing to the introduction of a multi-specialization hospital for 630 beds in Magadan, as well as the construction of hospitals for 2,300 beds in the oblast's rayons during 15 years.

The implementation of this program will make it possible to offer a well-planned apartment or a private home to every family by the year 2000. All schools will be transferred to a one-shift work regime. The problem of providing children with places in preschool children's institutions, very old people and disabled persons with boarding houses, orphans and children left without parental care with children's homes and boarding schools will be basically solved by 1990.

The provision with trade and public dining enterprises will be brought up to the normative level. The volume of domestic services and output of consumer goods per oblast resident will increase 1.8-fold.

To attain the goals envisaged by the program, the oblast's construction complex will have to be developed at outstripping rates. By the year 2000 the volume of contract work should be increased more than threefold and labor productivity in the organizations of Glavseverovostokstroy of the Ministry of Construction in the Far East and Transbaykal Regions, the Magadanenergostroy and Kolymagesstroy Trust of the USSR Ministry of Power and Electrification, 2.1-fold, in contract organizations of the oblast's agro-industrial committee of the RSFSR Gosagroprom and installation organizations of the USSR Ministry of Installation and Special Construction Work, 1.9-fold, and at enterprises of the construction industry and the building materials industry, 2.3-fold. Capacities for the production of precast reinforced concrete amounting to 955,000 cubic meters, of parts of large-panel houses, to 400,000 cubic meters, and of parts of large-panel public buildings, to 170,000 cubic meters are to be commissioned during 15 years. Big problems will have to be solved in connection with the development of production infrastructure sectors—transport, communication, and road facilities.

The program determines measures for an efficient utilization of natural resources and environmental protection through a rise in the level and overall nature of extraction of minerals from ore, their utilization, and introduction of low-waste and waste-free technological processes and equipment.

Overcoming the lag in the development of the construction complex is the main problem in realizing the assignments of the long-term state program. Throughout the oblast during the first 2 years of the five-year plan the volume of contract work increased by 17 percent, including in Glavseverovostokstroy, by 15 percent. This corresponds to the rates attained previously during the entire 11th Five-Year Plan, but is insufficient for the attainment of the volumes of capital construction envisaged by the program. Nevertheless, during the first 2 years of the current five-year plan the Ministry of Construction in the Far East and Transbaykal Regions lowered for Glavseverovostokstroy the volumes of capital investments in the development of the production base to one-half as compared with what was needed. As a result, at the existing rates of utilization of capital investments in the reconstruction of the Magadanskaya TETs in 1986-1987 the construction project can be completed not in 1990, as envisaged by the program, but only in 1998. Nor does the Magadanenergostroy Trust develop as needed.

Here is another problem connected with social and cultural construction on the oblast's territory. In Magadan Oblast there are regions, in which only contract organizations of the USSR Ministry of Power and Electrification are engaged in construction. However, the ministry refuses to increase contract work for the construction of housing, kindergartens, and other social, cultural, and domestic projects if they emanate from other clients. Such an approach leads to a lag in the development of the social sphere in regions.

In connection with the delay in the solution of the problem concerning the beginning of construction of the Ust-Srednekanskaya GES there are serious fears connected with ensuring by the end of the 13th Five-Year Plan a stable power supply for the oblast's national economy and the population by the end of the 13th Five-Year Plan. It is necessary to immediately begin the construction of the Magadanskaya TETs-2 and of the open coal pit with a view to commissioning one power unit at TETs-2 and the first stage of the open coal pit at the Lanskiye Deposit with an annual capacity of 2 million tons. Prompt measures should be taken to strengthen the material base of Magadangrazhdanproyekt and Dalstroyproyekt institutes and to build up their capacities, because this is the reason why the rates of construction at a number of projects envisaged by the program are held back today. The planning problem becomes especially acute in connection with the need for an outstripping construction of projects for municipal purposes, which have been poorly built thus far. Their share will have to be brought up to one-third of the volume of funds allocated for housing construction (it now comprises only 20 percent).

Certain difficulties in the realization of measures for the development of the oblast's productive forces will arise during the transition to full cost accounting and self-financing, because at present 35 percent of the enterprises are unprofitable. Economic normatives making it

possible to ensure deductions into funds for the development of production and social and cultural measures are necessary.

In the oblast there is an acute problem of profitability of consumer goods. Their production is concentrated primarily in small nonspecialized shops and sections and is carried out through the diversion of workers in basic production, which does not ensure a high quality of output. The unprofitableness of produced goods is high, that is, from 20 to 50 percent of the cost, and of some goods, more than 60 percent.

The measures taken in the oblast for a partial specialization of the production of the simplest goods do not give effective results, because the proportion of the cost of raw materials and supplies brought from the country's central regions and workers' wages with due regard for all the applied coefficients and increments are significant in the structure of expenditures on their output.

The expenditures on the transportation of goods from the country's central regions average 2 kopecks per ruble and on their output by the most specialized enterprises for the management of the local industry of the oblast executive committee, 1 ruble 17 kopecks. In the oblast it is economically advisable to produce goods from local raw materials and production waste, including local building materials, raw hides and skins, and so forth, but to produce others in the country's central regions and to incur expenditures on transportation, because they are not commensurable with the capital investments in the development of the material base and the creation of living conditions for the workers and employees of these sectors. Labor saving policy should be conducted not in words, but in practice. For the time being, however, the RSFSR Gosplan has not listened to the opinion of the oblast executive committee and the planning commission during the formation of the overall program's assignments for goods and services and, moreover, of the long-term state program in the part of the output of consumer goods.

For the organization of control over the fulfillment of the long-term state program's assignments and their consideration in long-term and current planning by ministries and departments, in our opinion, it is advisable to establish an interdepartmental commission consisting of ministry representatives under the USSR Council of Ministers and special subdivisions for assistance in the solution of arising problems in the USSR Gosplan and the RSFSR Gosplan.

The assignments of the Long-Term State Program for an Overall Development of Productive Forces in the Far Eastern Economic Region, the Buryat SSR, and Chita Oblast for the Period Until the Year 2000 are now being studied with executive committees of the oblast's local soviets. It is planned to bring the program's assignments to every rayon, city, and collective and to exercise control over their fulfillment.



### Kamchatka Oblast

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[Article by N. Sinetov, chairman of the Kamchatka Oblast Executive Committee, Petropavlovsk-Kamchatskiy: "Kamchatka Oblast: Problems and Prospects"]

[Text] The second year of the 12th Five-Year Plan brought changes to Kamchatka land. The oblast's labor collectives, fully supporting the policy of acceleration of social and economic development worked out by the party, completed the planned assignments for basic indicators ahead of schedule last year. In 2 years Kamchatka's fishermen delivered almost 3 million tons of fish and 570 million standard cans of canned fish. The planned assignments for commissioning housing, general educational schools, hospitals, polyclinics, and a number of other projects were overfulfilled.

However, it is premature to be carried away by what has been attained if this is viewed from the positions of the adopted Long-Term State Program for an Overall Development of Productive Forces in the Far Eastern Economic Region, the Buryat ASSR, and Chita Oblast for the Period Until the Year 2000, which encompasses all the spheres of life of the administrative regions forming part of it, including Kamchatka Oblast.

The program maps out important national economic assignments. During 15 years the volume of industrial production is to be increased 1.7-fold. It is planned to develop the fuel and power complex at outstripping rates through the retooling and reconstruction of existing and the construction of new electric power stations and development of geothermal resources for the needs of power engineering. It is envisaged increasing coal extraction capacities and completing the technical and economic substantiation and development of natural gas deposits by 1989. An intensified processing of raw wood resources will be carried out in the timber industry. The volumes of output of the local industry and of food and meat-dairy industries in the agro-industrial complex will increase.

As before, the fish industry complex, which now gives more than 80 percent of the commodity output, will determine the oblast's basic development. It is envisaged reinforcing the fleet with modern, new vessels and retooling coastal fish processing enterprises with an emphasis on new equipment and technology. The construction of the second stage of the fleet base in the Avacha Bay will be completed and bases for the technical servicing of the fleet of the interkolkhoz association will expand.

The construction of seven sovkhoses and of vegetable drying and mixed feed plants is planned.

An important place in the program is assigned to the establishment of a modern construction complex as the basis for the development of the oblast's economy, including the reconstruction, expansion, and retooling of existing and the construction of new enterprises and projects connected with house building, the construction industry, and the building materials industry.

The program envisages a priority solution of social problems and overcoming the lag in the development of the material base of the social sphere. The housing problem remains the most acute problem in the oblast despite the fact that now almost three-fourths of the urban population lives in individual well-planned apartments. It will be necessary to significantly improve the supply of food products for the oblast's population through internal production and to fully provide the oblast with vegetables of the local assortment, potatoes, poultry meat, pork, eggs, and whole-milk products.

For a practical realization of the assignments of the long-term state program it is very important to avoid a lag from the first year of its implementation. However, the USSR Ministry of the Fish Industry, the USSR Ministry of Power and Electrification, the USSR Ministry of Construction in the Far East and Transbaykal Regions, the USSR Ministry of Transport Construction, and Rosagroprom in the plan for 1988 established volumes of limits of capital investments, control work, and commissioning of housing and children's preschool institutions not ensuring the fulfillment of the program's assignments.

Ministries usually refer to the shortage of capacities of construction organizations in the oblast. In this case this is not so. However, through the fault of ministries, Glavkamchatskstroy, and Kamchatskagropromstroy the capacities are not utilized fully.

In our opinion, the fulfillment of the program's assignments, especially in the development of the social sphere, largely depends on the state of the construction complex, organization of its work, and efficient utilization of its capacities. However, the presently existing procedure of planning and coordinating the construction program in localities and in the center does not promote this. The lack of interest and responsibility on the part of construction organizations in fulfilling the assignments of the client's plan is its main flaw. Even when construction volumes, periods, and projects are coordinated locally with a contract organization, for example, with Glavkamchatskstroy, the ministry does not agree with them. As a result, clients have one plan and contractors, another, although dozens of specialists spend a great deal of time, money, and energy on the coordination of plans. For example, to "defend" the limits of contract work at the Ministry of Construction in the Far East and Transbaykal Regions, executives of the Kamchatka Oblast Executive Committee traveled to Moscow three times. As a result, however, there are not only cases of existence



of a double plan, but also of delay in the opening of financing, because the accepted volumes of some projects do not correspond to the norms of construction length.

Figuratively speaking, the solution of problems concerning an accelerated construction of projects connected with people's vital interests is proceeding like a sleigh on sand, although, in order to balance the plan, the executive committee of the oblast soviet of people's deputies at the stage of formation of the draft plan carefully examined the proposals of clients and contractors and, with due regard for the maximum loading of capacities, the volumes of work, for example, for Glavkamchatskstroy in the amount of 171 million rubles. But at present its entire set of operations does not exceed even 163 million rubles. Kamchatskagropromstroy was underloaded by 6 million rubles and Kamchatskmorgidrostroy, 4 million.

One ponders involuntarily: The process of restructuring capital construction management is going on in the country, but here there is a nostalgia for the past. Not only the stamp of yesterday, but also the suffering of those who unjustifiably spend time and money on such a coordination, is reflected in this.

We see the way out of the situation in the introduction of a noncontractual system. What is its essence?

Taking into consideration that the long-term state program approves the volumes of housing construction and the volumes of social, cultural, and domestic construction for contract ministries, there is no need to annually coordinate all the forms preceding the opening of financing. Out of the total volume for 5 years contract construction organizations, in agreement with the oblast executive committee, proceeding from the existing capacity and prospects for its development, should approve annual plans independently. At the same time, the contract construction organization at the expense of bank credit builds the set of apartments and children's preschool institutions prescribed by the plan and then sells them to the client (the executive committee of the oblast soviet), which distributes housing and places in children's preschool institutions throughout departments irrespective of their subordination within the limits of the share of funds transferred by them to the oblast executive committee for these purposes. It is legitimate to introduce a procedure, according to which the population, especially young people, could buy apartments at the expense of long-term preferential credit. In our opinion, this will have a positive effect on the entire system of capital construction management and the talk about 2-year planning will end.

Kamchatka Oblast is unique in its natural resources. The nature of the North is especially vulnerable. It has taken decades to make up for the offences against it and the salmon spawning grounds may be completely ruined. The same can be said about Kamchatka forests and their

inhabitants and about reindeer moss—the main food of deer. Problems of ecology and environmental protection are especially urgent here. A session of the oblast soviet of people's deputies was devoted to them especially. In the oblast water use is improving, atmospheric air is being protected, cleaning installations are being expanded and built, land recultivation is increasing, fauna is being enriched, and the general ecological balance is being supported. However, it should be frankly admitted that the executive committee of the oblast soviet has not yet succeeded in introducing proper order in the protection of fish reserves on the basis of an increase in the purity of spawning rivers, restoration of destroyed natural spawning grounds for salmon, preservation of forests in water protection zones, reduction in the unfavorable effect of economic activity on the environment, improvement in the natural regime of the Kamchatka River, which is a spawning reservoir for salmon, and protection of the effect of the timber industry on it. And not only because the oblast does not always find understanding on the part of a number of ministries in the overall solution of these problems, but also because the sectorial approach is manifested in the most obvious way.

Here are some facts. In connection with the unfavorable ecological situation in the valley of the main spawning reservoir of valuable salmon species—the Kamchatka River—the executive committee of the oblast soviet adopted a decision on the inadmissibility of felling for principal use in the forests of the first group performing increased water and fish protection functions.

The executive committee of the oblast soviet requested that beginning in 1988 central planning bodies refrain from planning felling resources in the forests of the first group.

It was noted above that the fish industry complex, which also has many problems deserving the closest attention, will continue to determine the oblast's long-term development.

The problem of protecting the region's water basin, where the characteristic feature of the population's life depends on the condition of rivers, coastal sea waters, and fish reserves, is the most acute of them. When solving it, it is important to proceed from the fact that the oblast's entire territory and its shelf, essentially, represent the natural spawning-breeding area.

The fishing and transport fleet and coastal enterprises of the USSR Ministry of the Fish Industry represent the basic source of water pollution today. However, not a single fish processing plant has modern cleaning installations and takes measures to speed up the solution of this problem. Out of the four projects envisaged for construction in 1986 not a single one is being built.

The fishing stocks of the oblast's coastal shelf are undermined considerably owing to the excessive centralization of the planning and organization of fishing. An excessive number of vessels are often sent to regions of fishing such species of fish as halibut, cod, navaga, and flounder, whose stocks are not big. This can undermine fish reproduction. Unfortunately, the rights of the executive committee of the oblast soviet of people's deputies in regulating the organization of fishing have been minimized.

The oblast's sectorial science—the Kamchatka Department of the Pacific Ocean Scientific Research Institute of Fisheries and Oceanography—also deserves close attention. The lack of their own research fleet today does not enable scientists to inspect Kamchatka's coastal waters and to have a sufficient idea of the state of commercial fish stocks. It cannot be considered normal that today the fish inspectorate, essentially, fulfills the wish of getters, duplicating permits for catch limits to the detriment of reproduction. In our opinion, fish protection bodies should be taken out of the subordination of the USSR Ministry of the Fish Industry into an independent law protection committee, into which other bodies for the protection of natural resources should enter.

An acceleration of the rates of economic development in the north depends to a large extent on the solution of transport problems. At present freight processing in settlements of the oblast's western and eastern coast becomes the biggest bottleneck. The point is that several decades ago small fishing settlements based themselves on Kamchatka's coast. Loading sections and transport shops with temporary coastal installations, which fully met the needs of fishing plants and seasonal bases for loading and unloading operations, were established at them. Now, as a result of the oblast's overall development, coastal settlements have grown into well-planned rayon centers and workers' settlements with developed economic sectors. In the last two five-year plans alone the volume of freight delivery to them more than doubled. Coastal enterprises of the Kamchatskrybprom Production Association continue to process the freight brought for various organizations. The existing small raid fleet built in 1948-1950 is worn out and obsolete. Freight mechanisms and equipment have already exhausted their service life. In port centers wharves and warehouse premises are not being built, there is no repair base for the raid fleet and the reloading equipment, and there are no container sites. A gap has been formed between the growth of the freight turnover and the development of the material and technical base of port centers, which leads to an annual rise in nonproductive idle time of the vessels belonging to the USSR Ministry of the Maritime Fleet and lowers the intensiveness of their processing.

Under present conditions it is economically advisable to concentrate all port centers of the oblast's western and eastern coast in the same hands—the Kamchatka Steamship Company of the USSR Ministry of the Maritime

Fleet, which should outfit them with equipment, machinery, and an operating fleet.

Kamchatka has big opportunities for the development of geothermal power engineering. However, natural thermal water reserves are not used fully. Organizational disorders are some of the main causes here.

Three organizations, that is, the Kamchatskgeologiya and Sakhalingeologiya polar geophysical observatories, the USSR Ministry of Geology, and the Kamchatka Kamchatskburgeotermiya Administration of the USSR Ministry of the Gas industry, which are neither economically nor technically nor organizationally interconnected, are now engaged in the solution of the unified overall problem of utilization of the earth's deep heat. This does not make it possible to utilize this unique natural resource efficiently. Today there is an urgent need not only to unify the efforts of geological exploration organizations, but also to join into a single continuous process the search for and exploration of geothermal deposits, development of fisheries, long-term exploitation, and study of scientific, technical, and technological problems. Such a task is only within the power of a specialized scientific production enterprise at the base of existing production associations.

The development of sulfur deposits is no less urgent for the oblast. Maletoyvayamskoye and Vetrovayamskoye deposits are of the greatest interest. The development of the native sulfur deposit, as well as of Korf coal, and the construction of an electric power station at their base, will become a powerful accelerator of the development of the oblast's Olyutorskiy Rayon.

In fact, not only native sulfur evokes concern. In connection with the need for an accelerated development of the oblast's building complex the problems of developing Talovskiy limestone, pumice stone, and slag deposits should be examined seriously. These materials are also of interest for agriculture.

One would wish that appropriate ministries speed up the solution of these problems, which are very important for the oblast.

In Kamchatka Oblast in 1988 about two-thirds of the enterprises were transferred to full cost accounting and self financing. They will produce almost 90 percent of the total commodity output.

Under these conditions enterprises have the right to independently solve the basic problems of economic activity and social development. It is very important to approve for them differentiated normatives of payments with due regard for local conditions, which ensure the interest of collectives in the final result and make it possible to form sufficient funds for enterprise development.

The solution of all these problems will make it possible to ensure the fulfillment of the assignments of the Long-Term State Program for the Development of the Far East and an increase in the role of the economic complex of Kamchatka Oblast in the region.

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**Gossnab Official on Regional Supply Organizations, Wholesale Trade**

18200060 Moscow

*MATERIALNO-TEKHNICHESKOYE*

*SNABZHENIYE in Russian No 8, Aug 88 pp 6-10*

[Interview with Oleg Aleksandrovich Pashchenko, deputy chairman of the USSR Gossnab and member of the Bureau for Machine Building under the USSR Council of Ministers, by unidentified special correspondent of MATERIALNO-TEKHNICHESKOYE SNABZHENIYE: "Making Commercial Initiative the Basis of the Work"; first two paragraphs are editorial introduction]

[Text] The restructuring of material and technical supply and the extensive changes in supply organizations and enterprises have provided the opportunity to look at the development problems of this most important sector of the economy in an unbiased manner and from new positions based on principle. Analysis of work by the recently formed oblast territorial main administrations, even without extensive economic and sociological research, indicates even today that new and more refined forms of economic activity are needed to continue their development on the path of economic independence and to improve the level and quality of interaction with enterprises, suppliers and consumers.

Teams of specialists in organizing personnel and resolving organizational problems in wholesale trade development have been set up in the USSR Gossnab for the purpose of providing practical assistance to the newly formed territorial organs. We draw the attention of readers to a conversation held by the journal's special correspondent with O. Pashchenko, deputy chairman of the USSR Gossnab.

[Correspondent] Oleg Aleksandrovich, you have visited Kalinin and Smolensk. It would be interesting to sum up the initial results and to draw certain conclusions on the state of affairs in the newly formed territorial main administrations. How may the transition period be characterized?

[Pashchenko] The organization of oblast territorial main administrations is a qualitatively new step on the path toward the establishment of a modern, highly efficient system of material and technical supply that is dynamic and mobile and flexible and versatile. Along with territorial economic independence and in addition to a high

degree of responsibility, which is of no small importance in itself, the new main administrations are acquiring the high confidence of both the USSR Gossnab and regional consumers and customers.

Reorganization in each territorial administration is proceeding in its own way, based on the principles of glasnost and democracy and taking into account the regional relationships that have taken shape in material and technical supply at the same time. Naturally, various types of problems arise in such a mobile process as a consequence of the particular conditions which have developed for a given region or oblast and, I would add, the effect of the social and psychological features of the workers in each specific territorial main administration.

It has long been common knowledge that it is not easy for the new to replace the old. The more substantial the changes in our life, the more diverse the problems of restructuring—both in quantity and quality. There are no ready prescriptions and no one can provide them. But there is a strategic direction for improving material and technical supply. Not everything is proceeding as we would like at the present time. We are aware of the acute critical shortage of personnel, for example. And there are other unresolved problems.

Another aspect of the complexity of the transition period is that reorganization in the territorial administrations is taking place under the conditions of a five-year plan that has been adopted; managers and collectives locally have to provide for fulfillment of the five-year plan targets, resolve the problems that have accumulated and purposefully organize the transition to new economic methods of operation and management at the same time.

The delay in preparing and adopting important documents—the "Regulations on the State Order," "Regulations on Wholesale Trade in Capital Goods," and "Regulations on Deliveries of Products for Technical Production Purposes"—is also complicating the work. Work is now being completed on these normative documents.

[Correspondent] But what is reason for problems in preparing such basic documents? What are the immediate tasks, even if only in general terms, facing the organizations and enterprises of the USSR Gossnab system?

[Pashchenko] Everything is interdependent and interrelated in the economic system. The problems of organizing the system of state orders in conjunction with wholesale trade during the transition period when the Law on the Enterprise is followed have required the solution of a combination of problems.

Taking into account the fundamental importance of state orders in implementing the economic reform, it was necessary to generalize the initial experience in planning them, since a substantial amount of unfinished work in

this area was brought to light in the 1988 plan. Time was required to outline measures to rule out something of this sort in drafting the plans for 1989 and 1990.

The problems that are the most complicated are the products list and the proportion of the state order when a product is being shifted to wholesale trade in large volume and the demand for it is not being met to a significant extent.

Taking into account that the search for the best possible solution to this problem requires time and delays the issuance of new normative documents, the USSR Gossnab, jointly with the USSR Gosarbitrazh [State Board of Arbitration], considered it necessary to begin work to conclude (prolong) agreements for the delivery of products for technical production purposes in the 1989-1990 period, based on relationships in the 1988 plan, and to carry out this work as rapidly as possible.

Industrial enterprises and the territorial organs of the USSR Gossnab were given the necessary explanations. The organization and increase in volume of wholesale trade is not a simple matter under the conditions that actually exist now.

And this involves not only the complexity of the problem itself, but the fact that for the most part, both industrial enterprises and territorial organs of the USSR Gossnab lack the skills to organize and conduct commercial operations. But after all, up to 80 percent of industry's production volume should be shifted to this progressive form of material and technical supply in the not too distant future. Many major industrial enterprises are already operating in an economic relationship based on highly efficient direct ties.

The results of the trips have shown one detail that is very typical, in my view, which establishes the extent to which the territorial administrations' are prepared to adapt to marketing methods in their work, even if on an elementary level. For example, continuous exhibits of industrial by-products and secondary raw materials have been set up in practically all territorial administrations. A considerable amount of work has been done, industrial and construction enterprises and organizations on a regional scale have been involved, and a large number of samples have been collected and exhibited. But the work has not gone beyond "collections" in many parts of the regions. Without commercial information work such exhibits have been turned into a kind of "museum of unused resources and potentialities" with convincing displays of wastefulness in utilizing material resources.

Roughly the same thing is taking place in organizing the commercial centers. These centers are being organized everywhere. Staffs, facilities and equipment are being allocated and sizable funds are being spent, but the scale of the work being carried out does not correspond to the

expenditures at present in many regions. The commercial principle exists in name only, not in the daily activity of these important subunits of the territorial main administrations.

In speaking about the directions of the work and the tasks of territorial administrations, we cannot overlook an important aspect of their activity: working out the current balances of material and technical supply by regions.

The most important aspect of organizing wholesale trade at the territorial main administration level is determining the demand on a regional scale. If the demand is not determined accurately, it is very difficult to organize stable wholesale trade with assurance and stable supply with assurance. Unfortunately, the questions of determining demand have not been raised satisfactorily in a number of the territorial main administrations. But the demand can be determined if there is a developed system of balances on a regional scale and by sectors.

Taking into account that many territorial main administrations are not prepared at present to carry out such a task to the full extent, a decision was made to provide them with assistance in organizing this work by the balancing departments of the complexes for providing resources in the USSR Gossnab central system.

[Correspondent] Oleg Aleksandrovich, one of the bottlenecks in reorganizing the territorial administrations is the problem of more efficient ties with suppliers in connection with the change in the management structure and the shift to self-financing. For example, in the Smolenskglavsnab [Smolensk Main Administration for Material and Technical Supply] a situation has taken shape in which storage batteries are manufactured in Podolsk and Kursk and shipped from the Ukraine, but they also being delivered from Krasnoyarsk Kray and Irkutsk Oblast. Cable delivered from Tashkent has a cost that is less than the rail transport tariff. Sanitary earthenware manufactured right here in Smolensk is being shipped at the same time from Khmel'nitskiy Oblast. Steel radiators being shipped from Lipetsk will now be delivered from Bratsk in Irkutsk Oblast.

Such an inefficient relationship with suppliers is leading to increased transportation costs and naturally reduces the profit from sales. I can say frankly that such an economic situation cannot stand up to criticism...

The shift to new conditions is compelling collectives of territorial organs to ponder these problems and to seek a solution to them in the organization of a real commercial operation.

[Pashchenko] The fact that the Smolenskglavsnab seeks to approach a solution to tomorrow's economic problems wisely and is dealing with the future is a good

indicator of the extent to which their work is being restructured. They are beginning to operate from positions of economic benefit and profitability.

There is no question that commercial initiative and thorough knowledge of the entire region's economic potentialities are needed. The redistribution of suppliers should take place economically, not administratively. This is the guarantee of profitability and high efficiency and the vitality of such ties.

In acquainting myself with the newly established Smolenskglavsnab, I received a favorable impression, particularly from the complex of the highly mechanized all-purpose warehouse and the metal products storage area. It was apparent that the managers of the Mosglavsnab [Moscow Main Administration of Material and Technical Supply] which existed here before were not sitting with their hands folded, but were concerned about developing an up-to-date physical base.

I would like to mention something else in this connection. The transition over the next few years from centralized resource distribution to wholesale trade in capital goods, as stipulated by the party, is based on the development, consolidation and extension of economic and commercial relationships among all the participants in the process of production, distribution and consumption, which were previously underrated and consigned to oblivion.

The continuing commercial impetus which lies at the foundation of economic methods of management has come to replace administrative methods in the practice of material and technical supply, and it leads logically to a marketing policy in the daily work of supply organizations. And under the conditions of enterprises' economic independence, this presupposes that a thorough study is made of the market, consumer requirements, the technical and economic capabilities of suppliers and customers, and the extent of their interest in different services which will be needed not only today, but tomorrow and the day after as well.

Within the framework of marketing, extensive advertising work must be combined and based on a high-quality and possibly complete analysis of the economic situation in the regions which is based on the methods of economic and sociological research and scientific forecasting. Only on a modern level, using computer technology, computers, and the mass media will the territorial main administrations be able to resolve the problems of material and technical supply in the regions, develop effective, dynamic, and the best possible forecasts for work with each supplier and customer individually, and be competitive and profitable under the conditions of full cost accounting, self-financing and self-management.

[Correspondent] Let me ask one more question. In examining the urgent problems in the territorial administrations' activity, we cannot remain silent on the personnel policy. What progress is being made in staffing the newly formed glavsnabs [main administrations for material and technical supply]?

[Pashchenko] The results of trips by the teams of specialists to local areas and discussion of these problems by the USSR Gosnab boards attest to the fact that staffing with engineering and technical employees is not proceeding at an adequate pace in a number of the territorial main administrations.

Such a situation cannot be tolerated in our time. It is obvious that the inertia of the shortcomings of previous years continues to have an effect. Instead of a business-like decision, they have begun in the local areas to produce a different kind of coordination according to the departments that are needed and not needed. Meanwhile, the labor collectives themselves must determine the advisability and opportunity to make use of one worker or another at any place and in any position. It is precisely this that will also provide for high-quality personnel changes in the structural subunits of the territorial administrations and in their subordinate enterprises and organizations. In a word, the more democracy, the more creative initiative.

It is extremely important to staff the territorial organs as quickly as possible. The persons who come to work on the staff will have to be trained and retrained. To begin with, they will have to be taught commercial activity, the study of current balances, the use of data, the commodity network, and interconnections and relationships with the specialists of the new subunits of the USSR Gosnab's central organization and ministries and enterprises.

All this must be done at the same time that we provide for the targets of the current plan and take part in shaping the plans for future years on the new principles. Time will not wait; time is flying.

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**Armenian Party Buro Notes Chronic Problems in Plan Fulfillment**  
18200075 Yerevan *KOMMUNIST* in Russian 29 Oct 88 pp 1-2

[Article: "In the Armenian Communist Party Central Committee"]

[Excerpts] The Buro of the Armenian Communist Party discussed at its regular session progress in the Armenian SSR's economic and social development and the tasks of Party, soviet and economic organs in the matter of ensuring the fulfillment of 1988 plans.

It was noted that the republic's party, soviet and economic organs have not been realizing the favorable opportunities for qualitative changes in development of the economy and for the social reorientation of economic growth that have been opened up since the 27th CPSU Congress and the 19th All-Union Party Conference, and they have been slow in turning the work of converting general party directives into the streambed of practical actions. The republic's council of ministers, ministries and agencies, and many party committees have shown intolerable passiveness in guiding the restructuring of the economy, they have not tackled questions of party political and economic supervision of enterprise activity under the new conditions, and they have not increased sufficiently the responsibility of the laboring collectives for solving production and social tasks. As a result, the results of economic and social development of the Armenian SSR for the first nine months of 1988 turned out to be extremely unsatisfactory.

The national income for January-September rose by 4.0 percent over the same period of last year, while the goal for the year is 6.8 percent. Plan fulfillment has been disrupted for many indicators of the development of industry, agriculture, construction and branches of the services sphere. The results of the financial and economic activity of enterprises and associations have worsened, and deliveries discipline is intolerably low.

Contractual commitments for deliveries of output were met 97.1 percent, and more than a fourth of the enterprises and associations did not cope with this indicator. They fell short in output for customers by 173.5 million rubles' worth.

An especially unsatisfactory situation prevailed at enterprises of Union subordination, more than 60 percent of which failed to meet commitments to their partners. The production associations Armkhimmash, Avtogenmash and Elektropribor, the tire plant, and certain other enterprises fell short by one month in the goal for output for customers, PO Armelektromash by almost two months, and the plant for milling machine tools by more than a three-months plan.

For industry as a whole, the rate of growth of output produced has been reduced. In January-September its growth was only 2.6 percent versus 4.3 percent for the same period of last year. Of 90 of the most important types of output, the plan was not met for 49 in physical terms. In the machinebuilding complex a drop in the amounts of production and of labor activity by 1.4 percent was permitted.

The managers and party organizations of many industrial enterprises have not provided for thorough and comprehensive training of working collectives for operations under the new management conditions. Throughout the circle of enterprises that are working under full economic accountability and self-financing, contractual

commitments were carried out by 1.1 points lower than the average for enterprises that operated under the former management system.

As a result of the nonfulfillment of plan tasks, most enterprises and associations of industry, especially of the machinebuilding complex, have proved to be in a difficult financial situation. The total of failures to pay, just for enterprises served by Promstroybank [Industrial Construction Bank], has grown by 119 million rubles over the corresponding period of last year.

Serious difficulties continue to occur in developing the agrarian sector of the economy. Gosagroprom [State Agroindustrial Committee], party raykoms, and the ispolkoms of local soviets have not taken decisive measures to fulfill the Foodstuffs Program and they have not exercised proper control over implementation of the decisions of party and government for developing agriculture and the processing branches. Fewer vegetables, melons and potatoes were procured than last year, which was by no means favorable. The fulfillment of plans for shipments of produce and grapes into the nationwide stock by the established deadlines and in the prescribed amounts and varieties is not being completely ensured.

The pace of harvesting of agricultural crops and the fall field operations are lagging greatly. Exhaustive measures for improving storage and processing of the harvest that has been raised and for cutting output losses are not being taken. The state of affairs in livestock production, where the live weight of cattle and poultry realized by the republic's kolkhozes and sovkhozes is less than for the same period of last year, is especially unsatisfactory. The Gosagroprom system is doing poorly the preparatory work for converting enterprises and organizations for the conversion in 1989 to full economic accountability and self-financing, and introductions of rental contracts continue to remain at low rates.

The construction ministries and agencies have in essence made a mess of the work of assimilating capital-investment ceilings and of introducing into operation facilities for the production and social spheres. In the first nine months of 1988, 79.1 percent of the capital investment was assimilated and 79.9 percent of the construction and installing work was done, that is, there were shortfalls of, respectively, 250 million rubles and 71 million rubles' worth.

The plan for putting fixed capital into operation was met only 48.3 percent. Many facilities and much capacity in power engineering, machinebuilding, agriculture and construction's in-house base were not turned over for operation. A substantial drop in all capital-construction indicators in comparison with the corresponding period of last year was allowed.

The state of affairs in the construction of facilities for the social sphere continues to be intolerable. Shortfalls in introduction of state capital investment came to 122,000

square meters of housing, schools for 8,000 pupils, kindergartens for 1,670 children, hospitals for 390 beds, and clubs and houses of culture for 3,500 persons.

Assimilation of capital investment for nonproduction purposes as a whole fell short by about 150 million rubles. The plan for the construction of facilities for the social sphere failed in Yerevan and Leninakan, as well as in Amasiyskiy, Araratskiy, Aparanskiy, Gugarkskiy, Kalininskiy, Yekhegnadzorskiy, Talinskiy, Tumanyanskiy, Echmiadzinskiy and some other rayons and cities of the republic.

The plan for hauling freight by motor vehicles failed. More than 45 percent of the kilometerage for truck transport carried no load.

Nonfulfillment of plans for retail trade turnover has become chronic. Mintorg [Ministry of Trade] and Aykoop have not drawn the proper conclusions from the repeated directives of the Armenian CP Central Committee and the Armenian SSR Council of Ministers about unsatisfactory work of trade organizations in providing for the public's ever-increasing effective demand. In January-September the plan for trade turnover was underfulfilled by 64.8 million rubles—15.1 million of it for Mintorg and 36.9 million for Aykoop. The trend toward an increase in prices for many types of agricultural products at kolkhoz markets continued.

Fulfillment of the plan for hired services was not provided for. Services for the populace was underrealized by 15.1 million rubles. Fulfillment of the cash plan was 95.4 percent, and above-plan money issuances of 143 million rubles were allowed. Profit in the economy for January-September this year fell short 6.6 million rubles, and the arrears of enterprises and organizations to banks and to suppliers reached 803,000 million rubles.

A worsening of indicators of the republic's socio-economic development was to a great extent the result of large-scale work absences that occurred. However, the main cause of the unsatisfactory results of economic development was the poor practical work on overcoming the socio-economic problems that had accumulated over the year, inadequate demand from communists and managers for unconditional fulfillment of prescribed plan tasks, the lack of proper exactingness on the part of the Central Committee Secretariat and the Presidium of the republic's Council of Ministers over correction of the state of affairs in the economy.

The serious deficiencies that have been noted in economics are explained also by delay in the work of the structural restructuring of administrative organs. The overwhelming majority of them still have not converted to the new administrative structure, a fact that has adversely affected the results of the production-financing activity of subordinate enterprises and organizations.

In considering the extremely worrisome situation at some of the republic's large enterprises and associations, particularly at Armelektromash, Razdanmash, Elektropribor, YerAZ, Nairit, the milling machine-tool plant, and others, it was proposed (Comrade Khodzhamiryan, Yu.) that the Armenian ASSR Council of Ministers study comprehensively, jointly with the appropriate USSR ministries and agencies, the state of affairs therein and take urgent measures to get the enterprises out of the situation that has been created.

The Armenian SSR Council of Ministers, Armenian SSR Gosplan, the Armenian SSR Ministry of Finance, and specialized banks of the republic have been charged with restoring financial health to branches of the economy, imposing the proper order in financial and credit settlements and monetary circulation, and extending active assistance to enterprises and organizations in order to improve radically the results of their financial and economic activity. And with examining the possibility of closing, and also of converting to rental contract or to cooperative principles, individual unprofitable or poorly profitable enterprises, production facilities and subsidiaries.

The Armenian SSR Council of Ministers, the Commission of the Armenian CP Central Committee and of the republic's government on converting enterprises and organizations to full economic accountability and self-financing, and Armenian CP Central Committee sections should take exhaustive measures essentially to improve preparatory work on the conversion on 1 January 1989 of all branches of the material sphere to full cost accounting and self-financing.

The Central Committee's Buro has approved a draft of an Armenian SSR Council of Ministers decree on restructuring of the activity and the organizational structure of Armenian SSR Gosplan.

#### **TuSSR: Statistics on Economic, Social Developments**

*18300122 Ashkhabad TURKMENSKAYA ISKRA in Russian 27 Oct 88 pp 2-3*

[Turkmeninform report: "In the Turkmen SSR Council of Ministers". Also includes "Facts and Figures" segment from same issue]

[Text] The Turkmen SSR Council of Ministers met on 25 October to discuss the course of fulfillment of the State Plan for economic and social development of the republic for the period of January-September 1988. It also defined measures for the successful completion of the third year of the 12th Five-Year Plan and the provision of stable operation of the national economy in 1989.

It was noted at the meeting that the intensive work performed in the republic on implementing the tasks presented by the party on accelerating socio-economic

development and intensifying the process of democratization of society, the ever broader participation of the workers in the management of the economy, and the increased political and labor activity of all strata of the population in the struggle for a fitting celebration of the 71st anniversary of Great October have yielded positive results in the fulfillment of plan tasks set in 1988.

During the elapsed period of the year, the rate of growth in volume of industrial production comprised 4.9 percent as compared with January- September of 1987, instead of the 4.4 percent computed by the plan for 1988. All of this growth was achieved due to increased labor productivity. The responsibilities in accordance with concluded agreements were 99.3 percent fulfilled, as opposed to 98.7 percent for the 9 months of 1987.

The tasks on the production of consumer goods and provision of paid consumer services have been fulfilled.

The plan assignment has been met, and last year's level of cargo shipments by general use transport has been exceeded.

Certain positive results have been achieved in the agroindustrial complex. The kolkhozes and sovkhoses have increased the sale of livestock and poultry, milk and eggs to the state. The supply of vegetables to the all-union fund has increased. The rate of cotton procurement exceeds last year's.

The processing sectors of Gosagroprom have fulfilled the plan for the reporting period for cotton fiber, sausage products, canned meats, commercial fish products, animal fat, whole milk products, flour, groats, and certain other types of products.

The scope of housing and social-cultural facilities construction has increased. State centralized capital investments and capital from enterprise funds have been used to build and introduce into operation 465,800 square meters of housing, which is almost 31,000 square meters more than specified in the plan for this period. The plans for introduction of general education schools, children's preschool institutions, hospitals and polyclinics have been overfulfilled.

A number of measures for increasing the labor wage have been implemented. Public consumption funds have increased.

At the same time, there are serious shortcomings in the work of numerous ministries, departments, and oblistpolkoms on the fulfillment of tasks set for the current year. This has a negative effect on the development of the national economy as a whole.

It was noted at the meeting that the capacities of the new economic management mechanism are not yet being utilized in full measure. The planned volumes of production of a number of important types of industrial products have not yet been provided, including those listed by nomenclature of state order. This in turn has affected the fulfillment of contract responsibilities on deliveries. Within the sphere of industrial enterprises operating under conditions of full cost accounting and self-financing, this indicator is fulfilled by 98.9 percent. Contract discipline was disrupted by almost one-fourth of the enterprises, shorting the consumers by 14 million rubles worth of production.

The labor collectives which are working under the new conditions of economic management have made insufficient use of the intensive factors of development. While on the whole throughout industry the entire increase in production has been obtained due to the growth in labor productivity, in the enterprises of this sphere it has been only 73 percent.

The Turkmen SSR Council of Ministers pointed out to the managers of the union-subordinated associations and enterprises and of the oblgorrayispolkoms their unsatisfactory fulfillment of the task set by the republic's government resolution on additionally increasing the production of consumer goods and involving in the sphere of commodity production the enterprises which are not engaged in the manufacture of these goods.

In a number of cases, the fulfillment of the plan for production of consumer goods is implemented due to production of goods with the index "N" and high fashion goods, whose prices considerably exceed the average price level for analogous goods. Thus, the overall volume of output of goods in light industry by the enterprises of the TuSSR Minlegprom [Ministry of Light Industry] has increased by 17.2 percent, including 16 percent for goods with index "N", and by 4.2 times for high-fashion products.

The republic's kolkhozes and sovkhoses are still weakly utilizing their capacities for the realization of the 30-percent plan volume of procurement of garden-raised produce and other products. Thus, only 4.9 percent of the vegetables, 8.2 percent of the melons, and 0.5 percent of the grapes out of the entire amount procured are sold at the kolkhoz markets.

The state of affairs with fulfillment of the plan for development of the social-cultural sphere was comprehensively reviewed. The meeting pointed out the low efficiency and ineffectiveness of measures taken by the TuSSR Mintorg [Ministry of Trade], Turkmenpotrebsoyuz [Turkmen Consumer's Union], the oblistpolkoms and organizations, and the institutions of state trade and consumer cooperatives toward fulfilling the plan for retail commodity turnover.



The TuSSR Council of Ministers demanded that the ministries and departments take exhaustive measures for fulfilling the tasks set for the 4th quarter and for 1988 as a whole. Here it was stressed that in order to achieve the planned rates of growth in production volume in the final quarter it will be necessary to bring the rates of growth in average daily output volume of industrial products up to 4.5 percent.

The TuSSR Council of Ministers obligated the ministries and departments and the ispolkoms of local soviets to take under strict control the completion of the preparation of housing-communal and energetic management for the fall-winter period.

The republic's government ordered the ministries and departments to see that the enterprises and associations complete their work on concluding economic agreements for the upcoming year in the shortest possible time, and that they strengthen and expand the direct ties between consumers and product manufacturers.

The ministries, departments and local soviet ispolkoms have been given the task of ensuring the accelerated operational introduction of fixed capital, and of concentrating forces and funds on the most vital production facilities. At the same time, one of the main problems must be solved—that is, the total fulfillment of the program for housing construction and the strengthening of the material base for the social-cultural sphere.

The need was stressed for actively utilizing all capacities for increasing the production of consumer goods and services and for improving the supply of food products and other high quality goods to the public.

The TuSSR Council of Ministers, based on the evaluations and conclusions given at the meeting of the USSR Council of Ministers on the state of affairs in the processing sectors of the agroindustrial complex, focused the attention of the ministries, departments, ispolkoms of local soviets, and all economic management organs on the fact that the re-tooling of these sectors on a current technical basis, and the effective solution to the problem of storage, transport and processing of farm products is a pressing task.

The TuSSR Council of Ministers stressed that, in light of the decisions of the 19th All-Union CPSU Conference and subsequent Plenums of the CPSU Central Committee and the Turkmenistan CP Central Committee, it is necessary to intensify the labor rhythm, to organize precise and well-ordered work at all sectors of production for purposes of unconditional fulfillment of the tasks for the current year, for the creation of the necessary stockpiles for continued dynamic development of the national economy in 1989, and for increasing on this basis the well-being of the Soviet people.

A. Khodzhamuradov, chairman of the TuSSR Council of Ministers and member of the Turkmenistan CP Central Committee Buro, spoke at the meeting.

"Today the economy cannot successfully move ahead without the widespread introduction of achievements in scientific-technical progress," said A. Khodzhamuradov. "Unfortunately, new technological processes, automated lines, and modern equipment are not being utilized in full measure in the republic. It is enough to say that three-fourths of the republic's ministries and departments have not dealt with this question in the elapsed period. Reconstruction and technical retooling of enterprises are proceeding slowly. Only 68 percent of the capital investments which have been allocated for these purposes have been assimilated.

In their race for profits, the Minlegprom enterprises manufacture only expensive products, to the detriment of cheaper goods and children's goods, and are not concerned with expanding the product assortment.

All this evokes well-justified public criticism and gives rise to numerous complains. Today we must show greater concern for the needs of the people, improve the quality of consumer goods, and expand the sphere of services. Only under these conditions is it possible to fulfill the tasks outlined by the 27th CPSU Congress, the 19th All-Union Party Conference, and the 23rd Congress of the Turkmenistan Communist Party.

#### Facts and Figures

- On 27 October 1924, as a result of the national-territorial division of Soviet Central Asia, the Turkmen Soviet Socialist Republic was formed and became a part of the USSR.
- Today there are representatives of over 100 nationalities and peoples living in the republic, whose area comprises 448,100 square kilometers. Their overall population numbers 3,449,600 people.
- The republic's banner bears three orders, awarded for achievements in socialist construction. Twice, in 1957 and 1984, Turkmenistan was awarded the order of Lenin. In 1977 the republic was awarded the Order of the Friendship of Peoples, and in 1974—the Order of the October Revolution.
- The overall volume of fixed capital in the republic's national economy by the end of 1987 reached 21,866 million rubles, which is 6.5 times higher than the level for 1965 and 61.9 percent higher than the 1980 indicator. The productivity of social labor over the past 17 years has increased by 3.9 percent.
- 129,000 tons of oil, 2.5 million kilowatt-hours of electrical energy, 17,700 tons of cotton fiber—these production indicators were achieved on the territory of present-day Turkmenistan in 1913. Already by

- 1940 the young Soviet republic increased the extraction of oil by 5 times, the production of electrical energy—by 33 times, and the production of cotton fiber—by 4 times. Twenty years later the volume of industrial production in the republic increased by 3.4 times.
- The fixed production capital in industry in 1980 increased by 6.4 times as compared with 1960. The overall volume of industrial production in 1987 exceeded the results achieved in 1940 by 14.5 times. In 2 years of the 12th Five-Year Plan the volume of industrial production in the republic increased by 8.9 percent.
  - In 1987, 26 enterprises were operating on full cost accounting and self-financing. As of 1988, 60 associations and enterprises manufacturing over 40 percent of the entire volume of products are operating under these conditions.
  - The areas sown to all agricultural crops in 1987 comprised 1,221,600 hectares in 1987. As compared with 1924, the production of raw cotton has increased by 35.3 times, of vegetables—by 70.8 times, of fruits and berries—by 57.5 times, and of grain crops—by 2.3 times.
  - Secondary general education schools to accommodate 61,500 students have been introduced, as well as children's preschool institutions for 17,200 pupils, vocational technical schools for 4,970 students, hospitals with 1,631 beds, and polyclinics to accommodate 3,810 walk-in patients.
  - By the beginning of the current year, there were 59 scientific institutions operating in the republic, including VUZes, and there were 5,600 scientific and scientific-pedagogical workers and specialists. A significant portion of the scientific workers are women. Among them there are 25 doctors of sciences and 600 candidates of sciences.
  - As a result of the introduction of scientific-technical measures, by the middle of last year the republic's enterprises had 557 mechanized flow lines and automatic lines, and 516 shops and sectors were mechanized and automated. In the past 2 years alone, thanks to the scientific developments, the series production of 1,130 titles of new types of products was assimilated.
  - The transport network in the republic reached 16,600 kilometers in 1987. Shipping by all types of transport comprised 254.8 million tons, and had increased by 24 times as compared with 1940.
  - In 1987 public transport had served 325.6 million people. The volume of passenger trips for air transport reached 2.1 million people.
  - Real per capita income last year comprised 1041.7 rubles. With the growth of this income, payments and benefits received by the population from the public consumption funds are increasing. In 1987 the sum of benefits payments comprised 1.3 million rubles. The primary share of these was directed toward the development of education, public health, social provision and social security.
  - According to last year's summaries, the volume of retail trade comprised 2.8 million rubles, which is 12 percent higher than the 1985 level.
  - In 1987 consumer service enterprises supplied 102.2 million rubles worth of services to the population. The assortment of these services reached 600 varieties.
  - By 1988, the urban public housing fund will be improved with water lines by 78.3 percent, and with gas—by 24.9 percent. By the beginning of the current year the republic's housing fund comprised 35.6 million square meters. The average housing provision per republic resident comprised 10.4 square meters in 1987.

## Two Cooperative Banks Created in Kazakhstan

### Chimkent Bank

18200049a Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 27 Aug 88 p 1

[Article by M. Bayzhanov and N. Dorogov: "First in the Country"]

[Text] The charter of the country's first cooperative bank was recently registered in USSR Gosbank. Its name is Soyuz Bank, and it was created by the Chimkent Oblast Soyuz Association of Cooperatives.

The birth of this new bank was conditioned by the very logic of the cooperative movement. Several months ago, when many cooperatives throughout the oblast were experiencing an urgent need to combine their efforts, an idea surfaced having to do with greater independence in financial affairs. It had become very difficult to obtain loans and especially cash for operational needs. There was a valid explanation for this: compared to the beginning of this current year when there were 150 cooperatives operating in the oblast, by the time spring arrived this number had increased by more than twofold. Zhilsotsbank was simply incapable of providing rapid and high quality services for so many customers.

During a conference of the Soyuz Association of Cooperatives, where a discussion took place on the question of creating its own joint-stock bank, there were heated debates and the leaders of the local zhilsotsbank who participated in them unequivocally stated that they were opposed to their appearance. Understandably, a strong

competitor had come into being, one which was depriving zhilsotsbank of the possibility of dictating its conditions to cooperators in a monopolistic manner. Nevertheless, the majority of the Soyuz members voted in favor of the new bank. Moreover, during the week following the conference, the number of bank founders who had agreed to invest their resources in its active membership had reached several dozen.

And thus the bank was created. What did the cooperators gain from this? The Chimkent Soyuz-Bank is authorized to attract 20 million rubles worth of funds from enterprises, cooperatives and citizens for adding to its chartered capital of 1 million rubles. Yes, actually any individual can invest his money in the new bank, with a higher rate of interest being paid than in a savings bank. What will the cooperators gain from this? The Chimkent Soyuz Bank is authorized to add 20 million rubles worth of resources from enterprises, cooperatives and citizens to its charter capital of 1 million rubles. Yes, actually any individual can invest his money in the new bank, with a higher rate of interest being paid than that being provided by a savings bank. All of this money will be used for the development of cooperatives and the more prudently and effectively the bank's resources are used the stronger will be the financial status of Soyuz Bank and the higher the rate of interest it will be able to pay on the investments.

Of considerable importance is the fact that the cooperative banks will be free of those excessive regulations which tend to complicate the relationships between the existing specialized banks and their customers. A cooperative bank is authorized to determine independently its interest rate arrangements.

As stated by the chairman of the Soyuz Association L. Solomin and the chairman of Soyuz Bank E. Bektayev, initially the resources of the bank will be invested in those cooperatives and projects which will make it possible to realize a high return more rapidly and subsequently credit will be extended for risky undertakings which promise good profits if success is realized. Thus the new financial ship was given official status at the outset. And the type of voyage to be carried out will depend upon this status.

In response to our request, comments were provided on this event by the chairman of the administration of the Kazakh Republic Bank of USSR Gosbank B.D. Ryabov:

"The creation in Chimkent of the country's first cooperative bank serves to describe a new trend in the development of the banking system. Today a course is being followed aimed at forming not only specialized but also commercial joint-stock banks. They will promote the republic's economic development, we see great prospects for the future in their operations and we support this new undertaking in every possible way. These economic organs can solve independently the problems concerned with issuing credits to their own cooperatives and to

other enterprises. They will aid in strengthening commodity-money circulation. In short, the initiative being displayed by the Chimkent officials promises many advantages both for the share-holders and investors and for all of the consumers of the goods and services being provided by the cooperatives.

Allow me to add that the question concerning the creation of a cooperative bank in Alma-Ata has already been raised and is under examination.

#### **Alma-Ata Bank**

*18200049a Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 14 Oct 88 p 3*

[Article by Kazakh News Agency: "Bank for Cooperators"]

[Text] In Alma-Ata, the building in which this bank is located, at No. 98 Panfilov Street, still does not have a sign. But it is in operation and its workers have tasks to perform.

Here we have in mind the Central Cooperative Bank of the Cooperative Union in Alma-Ata Oblast. Today it has to its account only 100,000 rubles and yet the requests for the extension of loans have already reached almost 2 million rubles.

Concepts and unusual words which were alien to our consciousness yesterday have entered into customary use today. But we are no longer surprised and we accept this as a regular phenomenon. Such is the result of the reorganizational processes and the radical economic reform.

It was not too long ago that we learned about the formation of the first cooperatives. And today there are more than 700 of them in Alma-Ata and throughout the oblast. In August a number of them were merged into their own union. In September, in complete conformity with the Law Governing Cooperation, a bank appeared under its aegis, the charter of which had already been registered with the administration of USSR Gosbank. It still is only the second one in the republic—a similar credit-financial institution was created somewhat earlier in Chimkent—the country's fourth: they appeared in Moscow and Leningrad immediately following the one in Chimkent.

"The organization of our bank came about as a result of an urgent need" stated the chairman of its board and deputy chairman for economic matters of the Union of Cooperatives for Alma-Ata Oblast B.R. Bayseitov, "It must promote an organized merging of cooperatives and the mobilization of free monetary funds and their use for developing this sector of the economy. It must become a business like partner in raising production efficiency and achieving high final results."

The bookkeeping, intermediary, legal and consultative services offered by a bank aid cooperatives in raising the level of accounting and reporting and economic analysis and in better forecasting their future operations. Its

founders included the oblast union of cooperatives, some of which participated directly, and also a number of state institutions. The bank's resources include charter and reserve funds. Moreover, the charter fund can be augmented by the addition of profits.

The bank is authorized to extend credit for any requirement for money by a cooperative or state enterprise, with an agreement being reached calling for mutually acceptable interest rates. But common sense dictates that at first, while internal funds are still being formed, it is more advisable to finance measures involving an accelerated turnover and produce results more rapidly.

Later the cooperative bank will convert over to the issuing of long-term credits for large-scale measures aimed at expanding production, the construction of new enterprises and the acquisition of equipment. It can participate in the creation of joint enterprises using its own capital and obtain a portion of the income ensuing from their operations. If necessary, it can open up its own offices in other regions. The first such office will appear in Moscow in the near future.

The mechanism for the issuing of credit is infinitely simple. For a stipulated amount of money, the bank will issue a check book and receive a promissory note—a long-term obligation indicating the schedule for the return of the loan and its material support.

Extremely tempting proposals have already been received. For example, the Ata-Meken Cooperative in Chilikskiy Rayon requests an allocation of funds for the construction of ponds for the breeding of fish and muskrats. The Kaskelen Iveriya intends to expand considerably the capabilities of its fruit and vegetable storehouses and souring-pickling departments. The capital's Kristall organization turned to the bank for assistance in organizing the production of consumer goods and procurements of natural and agricultural raw materials. A cooperative for providing rapid transport services for enterprises and the population will enter operations at Zhetygen Station in Iliyskiy Rayon. It needs funds for acquiring equipment.

And here is the latest piece of news concerning the cooperative bank: it has just signed an agreement with representatives of an American company. It defines the potential for collaboration by cooperatives, enterprises and organizations of Kazakhstan with foreign partners in acquiring the latest technologies and equipment on the world market and in organizing the production of goods needed by the republic. Towards this end, the company can present a considerable amount of currency credit, which can be reimbursed by deliveries of a portion of the future output. When an agreement is concluded, Tsentr-bank performs in this transaction in the role of an intermediary.

## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Relevance of U.S. Farming Practices to Leasing on Soviet Farms

18240007 Moscow IZVESTIYA in Russian  
11 Oct 88 p 3

[Articles by A. Shalnev, IZVESTIYA correspondent, Iowa-New York, and N. Baklanov, IZVESTIYA correspondent, Vinnitsa Oblast: "The American Farmer—A Worker and Owner in One"]

[Text] The View of a Soviet Journalist

Before calling Arlo, I pondered for a long time on how to be clever and not ask the usual question in such cases: how is everything going?

I was afraid that Arlo would think that I was being ironic, or even worse—mocking him. How can an American farmer answer a question, about what sort of malicious joke the weather played this year. Only with the fact that things could not have been worse, and that the relentless heat that fell upon the United States this summer dooms the farmers to ruin and poverty.

I was mistaken.

"How are things? Going in easy stages. Things could be better. But what is to be will be," answered Arlo.

Just what are these things? Here are a few figures given by Arlo Van Diest, a farmer from Iowa, which is probably the most highly agricultural state in America.

"Usually at this time of year," he said, "about 20-25 inches of precipitation fall in our district. This summer there were only five. Not long ago, it is true, there was a little shower, which threw in another three inches. Not very much, of course. And the harvest matched it. This year I will gather probably only one-third of what I gathered in each of the two preceding years. I think there will be 60-80 bushels of corn per acre. (In American specifications, the amount of a bushel changes depending on the type of grain crop. For corn it is 24-25 kilograms, and one acre is 0.4 hectares). There will be 20-30 bushels of soy. The last two years I gathered 160 bushels of corn per acre and an average of 50 bushels of soy per acre.

"But," Arlo Van Diest continues, "those two years were exceptional. There was nothing before like it—at any rate, since I took up farming. How is the income? Am I going broke? I sold off half of the reserves that I had from preceding years. At this time corn prices rose, and I did not do badly. Now, true, the prices have gone down. Why? I have no idea. Perhaps because the need has dropped, and the demand is less."

Arlo's reserves were large. He had corn stored in his crib from the 1982 harvest. These reserves were part of the so-called strategic allocations of the United States Federal Government, maintained in case of any unforeseen situation, as for example, in the case of extreme drought. Because he stored the corn and did not get rid of it, Arlo received money—20 cents per bushel a year. It was apparently more advantageous for the federal authorities to spread out the strategic reserves through private hands than to create their own granaries.

Did Arlo and the farmers who acted just as he did, not place their strategic reserves in danger by getting rid of part of them? It appears not. It is explained that they are so large that, in Van Diest's words, it would not be worth while for the government to pay the farmers to store the surplus from the harvest of 1986 and 1987. That is, they say to the farmers, you can store the surplus, but you will not obtain a cent for this, since it will perhaps be more advantageous to get rid of them. You decide.

Arlo says that his farm is an ordinary one, like many others in the district.

Is he dissembling? Why should he dissemble? You can see everything, there are no secrets. Except one, perhaps: the precise figures for the Van Diest family income. Arlo told me this figure, and then, after thinking a bit, asked that it not be recorded anywhere.

I will not. I think, though, that Arlo and his wife Claudia will not bear a grudge against me, if I say that, judging by their high-quality and beautifully appointed house, in which everything, even in the kitchen, makes manual labor unnecessary, and judging by the pair of quite nice passenger cars and by the impressive park of agricultural machinery, things are not going too badly for them.

True, Arlo himself is quite satisfied with the fact that there is already something to provide him, his wife and younger daughter (the oldest is married and lives separately) with a quite comfortable existence. In what respect is it comfortable? For Arlo, the standards are—the fact that on his farm there is nothing that is mortgaged, that is bought on credit and that obliges Van Diest to make monthly withholdings for the creditors. The houses and the tractor service and the machines were all bought with cash. Van Diest is proud of this. In this he sees the results of his zeal and his skillful management.

They manage as a team: Arlo and Claudia. In 1979 they formed a corporation—of two people. Arlo was the president, and Claudia the vice-president. I must confess, I did not completely understand the purpose of this step, and why it had to be taken, but they explained it to me all the same. By creating the corporation, he and Claudia obtained equal allowances and privileges, especially for taxes.

Who else is in the corporation: no one else, unless you count a professional accountant, who from time to time helps to sort out the accounts, fill out the tax forms and generally keep track of the financial management. The paper work, although it is done on a computer, takes up a great deal of time, which the Van Diests do not have.

Is there anyone else? No one. And no hired hands to help in the field? After all, there are 640 hectares to oversee. All by only two people? Basically—yes. If help is needed. "Just recently," says Arlo, "we hired some kids, 10-15 of them, and they worked for us for about two weeks, half-days, and weeded the soy. But when it came time to gather the harvest, as usual, we turned to a neighbor for help. He is a bachelor, has a small farm, and with him things go more quickly, and then he offers to help us. We pay him fairly well. How much? Seven dollars an hour."

Seven dollars—this is almost double the basic minimum wage established by law in the United States. I do not know the neighbor and therefore will not take it on myself to judge whether he considers this sum sufficient for his needs. Apparently, however, he feels that it is, or else he would not return each year to the Van Diests to offer his help.

"Tell me, Arlo, is there anything on yours and Claudia's farm that requires manual labor?"

For the first time in our many conversations, Arlo did not immediately come up with an answer. He pondered, as if recalling something, and said slowly, as if not completely certain of what he was saying:

"Look, there can be only one thing, that we pull out the weeds in the soy fields by hand. But even this does not have to be done. There are sprinkling machines."

The vastness and accessibility of selection struck me most of all at the Van Diest farm. If we want—we cultivate by hand, if we want—we use a machine. If we want—we add fertilizer and instead of the usual 150 bushels of corn per acre, we will gather 220-230 bushels from each.

"Is it that simple?" I marvel.

"What is clever here?" Arlo wonders in answer. "The lands here are good, and we have also been lucky with the climate. A drought, like we have now—is still a rarity, and it must be said that this is the first time I have run into a loss of harvest on my farm. We consider 150 bushels to be the optimum figure for us. With work, however, we can come out with a considerably higher harvest. True, Claudia and I do not need it. But one of our neighbors always gathers 200. Why? I do not know. Probably because he arranges things this way, and that means, he has some sort of reason."

"What is your secret, Arlo?"

Again—a hesitation. Arlo does not darken. "Strictly speaking, there are none. The secret—is it that the land is good here? Is the secret really that there are no technical problems with the equipment—a huge assortment—the service is excellent, the reliability is high. I bought the very first as far back as 1964, and it is still running like a new one. There must be maintenance, of course, and timely repair." What about the repair, are there complications? "Only one: you have to travel a long way—30-50 miles".... How often? "Well, once a year." We have already talked about distances: the closest elevator to the Van Diest farm is five miles away. There is not a single farm in the entire district that is more than 10 miles from the elevator. What sort of miles are they! The roads are excellent.

Incidentally, I observed a curious little scene: when we looked at the Van Diest property for the first time, we saw a huge hangar where his combine wintered. This was in May, but the combine still had its autumn dirt. "What, you haven't cleaned it?"—I wanted to know. Arlo immediately reddened with annoyance and embarrassment. "Inside—the motor, the blades, the cutters are all cleaned up, greased and scoured, but I just have not managed the outside. I was in a whirl by then, and it was beyond me. I really must wash it."

Our farmers—Vasiliy Kirichuk from Vinnitsa and Anatoliy Tsybulevskiy from Kuban—leapt right up. We, they said, for a combine like that, would make the chief machine operator pay a fine of a month's wages.

There was no one to take a fine from Arlo, but this combine of Arlo's, washed on the outside or not, has already been running several years and has not required basic repair. How long do our washed combines run?

What are his secrets? Do the Van Diests have a planned farm? Of course, no one sends out a plan for them, but they themselves determine the task: maintain an average level of 150-160 bushels of corn. Everything else is drawn into this plan, and it is the basis of the financial well-being of the Van Diest family.

They have it laid out. I do not say that it is fully laid out, that they go mad. But if they work to a frenzy, what pleasure do they have from work? None. The Van Diests take pleasure from what they do, and do not wish any other lot for themselves.

No one stands over their souls. No one prevents them, even tomorrow, from starting to plant their fields not to corn and soy, but, let us say, to wheat and cotton. If the Van Diests consider this to be advantageous for themselves, then they will do it. There is, it is true, one subtle point: several years will pass, before they convince the federal authorities that the farm, having changed its specialization, has become stable, and while convincing them, the Van Diests will not have the benefits and right established for a certain type of aid.

I was speaking of one type of aid—payment to store strategic reserves. There are other types. There are federal guarantees for prices for the harvests. If the prices are lower, the federal authorities will pay the difference—not for the entire harvest, but for a substantial part of it. There is, in addition, insurance in case the crops are lost. According to the data from the weekly NEWSWEEK, 25 percent of all American farmers use this insurance, especially in the states of North and South Dakota and Montana. Arlo is not insured. In the first place, he regards it as unnecessary (“in our district, harvest losses are rare”), and in the second place he is not quite satisfied with the conditions for the insurance.

Then the question: is there any guarantee that one ill-fated day you and Claudia will not go bankrupt?

No, there are no guarantees, nor can there be any. True, in the Van Diest's situation, it will possibly be a bit easier: they have been on this land for a long time, have established an excellent reputation and have an unblemished personal account at a local bank, which if extraordinary need arises, will go to exceptions that will not be made for other farmers. According to the conviction of Arlo himself, the main reason for bankruptcy among farmers is not the fact that the harvest has failed, but the fact that the purchases of equipment, seeds and fertilizers are made by many people on credit, and moreover in situations distinguished by extreme instability of prices and level of interest under which the loan is granted.

The Van Diests, I want to remind you, make all their purchases on a cash basis. There are no debts. “Undoubtedly,” says the farmer, “we have had to restrain ourselves—to buy a more modest tractor, instead of the one that has taken our fancy. We have also restrained ourselves with purchases for the home. Thriftiness and circumspection are very necessary.”

No one, be sure of it, will reproach the Van Diests for the fact, for example, when their passenger vehicles become fairly old, they do not rush out right away to buy new ones, or for the fact that they do not arrange splendid evenings in their home for some family reason. Thriftiness, caution—these are the norms when you are farmers.

One more “secret”: the Van Diests are constantly up with everything that takes place in agrarian science, up on all the technical innovations. One of the local universities has set up a special information service, which regularly informs the Van Diests and other farmers about new developments and suggests which of them is worth following up, and what can be overlooked. There are other sources of information: the local bank, whose well-being is based on the well-being of the farmers who make up their customers, and who therefore consider it their duty to keep the farmers up on agricultural events; colleagues in the companies producing chemical fertilizers or, let us say, seeding machines, will also be more

than happy to share their innovations. Seminars and symposiums are arranged, with the participation of representatives of the federal authorities, the universities of other states, etc.

To put it briefly, there is nothing in corn or soy cultivation that Van Diest is not informed about. Otherwise, what kind of a farmer, of a land owner is he!

The FARM JOURNAL, after devoting a small article to the Van Diests, called them representatives of the farming facilities that in America are ever-increasing, and which are called “husband-wife teams.” It concluded with the remark: “Claudia and Arlo clearly demonstrate how family farm work can bring satisfaction, contentment and success in business.”

As for me, the criterion for this success was a sentence uttered by Arlo as if by chance: “If we want to, then instead of 150 bushels we will give 220. If we want to....”

#### The Evaluations of a Soviet Specialist

I met Vasilii Kirichuk, chief engineer of the Kolkhoz imeni Marks in Vinnitsa Oblast, who last year visited Arlo Van Diest, near the kolkhoz board office. The building in which it is located by no means looked like a model. At first glance, this was a detail of little importance, of little matter, just as the fact that my interlocutor proved to be quite young—only 35 years old—was somewhat surprising, to tell the truth. Evidently, they had made prototypes of the earlier years: it somehow seemed that the person whom they sent to “open up” the American heartland should necessarily be quite meritorious, and the farm that he is representing—very advanced. After hearing out my confession, Vasilii was a bit embarrassed:

“I still don't know why they chose me, precisely, for the trip. Only in Moscow did I find out that we were flying to the States not as a group, but as a pair, and that we were to work three weeks in the field alongside an American farmer.”

“Was it difficult?”

“Rather, unaccustomed. The work rhythm there, to put it mildly, is somewhat different than with us. There were days when we started at about five o'clock in the morning and worked in the field until the daylight faded—until ten o'clock in the evening. Moreover we worked without any rest breaks—we stopped only to have a bite to eat. The curious thing is: for some reason we did not feel extremely tired. The tinted glass, air conditioning, and radio made the many hours spent in the tractor cab not too wearying. In addition, we were very soon convinced that this rhythm is possible because there is no need for American farmers to save their strength. After work they rest, and do not weed the garden or smoke pork or poultry, as is the accepted thing for us.”

"Do you think that this is possible for us?"

"Not now, of course, but it will be just that way," Kirichuk affirms. "I am convinced that as the demand for foodstuffs becomes satisfied, rural life will gradually do away with some elements of natural farming and will make the transition to a more advanced path of specialization. After all, this is the only way to achieve a high product quality, which plays a decisive role under the conditions of a satiated market."

"We realized this very clearly during our visit to Van Diest's farm. I remember, when we came to know his spacious farmstead, we were surprised that on it, among the closely-cropped plots of grass and well-tended shrubbery, there was no place for a garden or poultry. Our host nodded his head and explained: his fields were good for raising corn and soy. Under these conditions it is most advantageous for him to put all his time and efforts into achieving excellent results. Why should he be distracted by growing tomatoes and keeping cows? It is much simpler for him, and the main thing, cheaper (for Americans, time is actually money) to buy everything he needs from those who, in turn, specialize in producing high-quality vegetables, dairy products and meat."

"I think that as the leasing contracting process is introduced, this type of specialization will also be increasingly drawn in to our agriculture."

"To what extent is this conviction combined with the actual idea of lease contracting, which provides for giving up specialization in its previous forms? After all, when working for the end result there is no place for specialization of a narrow profile, when one, let us say, is engaged only in repairing engines and another is a 'spec' in plowing, and still another—in placing fertilizers...."

"There is no such separation among American farmers. All the operations for raising corn and soy, for example, Arlo Van Diest does with his wife. This is not surprising: after all, they are excellent specialists in this. Although, when we visited another farmer, engaged in breeding cattle, it was explained that it does not even enter his head to take on the functions of a veterinarian. The veterinarian, who, regardless of the farmer's wishes visits the farm once every two weeks, keeps track of the health of his livestock—in this way, specifically, the quality of the meat going on the market is monitored."

"In other words, specializations differ. I will stand up for this, when specialization does not lie in different operations, but by directions. Experience in introducing leasing, family contracting in the rural areas, by the way, confirms this. After all, the small, flexible collectives who are achieving success are not striving to comprehend the incomprehensible, but to take up one thing—be it grain production, breeding cattle or cultivating vegetables. They, naturally, are also fulfilling the entire set of operations from the beginning to the end result."

"Are there such collectives in your kolkhoz?"

"After returning from the United States, I more than once spoke about my impressions of America, not only on the oblast and rayon levels, but also in chatting with our kolkhozniks. Many of them would have liked to be land owners like the American farmer—to have the opportunity for themselves, without being urged, without unsolicited interference and orders, to go about their own business and sell the products they had grown. They, just as do I, see a real possibility of transition to this kind of management in lease contracting. In order to organize production in this way, however, a great deal is still needed and, unfortunately, not everything in this case yet depends on us."

"What is hindering it?"

"In answering this question, I cannot help but recall Arlo Van Diest. He has on his farm five different tractors, five motor vehicles, including passenger cars and trucks, and four cultivators. True, there is only one combine and one seeding machine. But the point is not in the amount of equipment, but in the group of machines and the quality of them. Arlo Van Diest's combine, for example, has been in service for seven years now, and in all these years, in the owner's words, it has not been repaired once—only routine technical service. I myself can vouch for the reliability of the seeding machine, with which we sowed 400 hectares without a single breakdown. It, moreover, is already eleven years old...."

"After this, must we speak of our domestic counterparts, many of which, after fulfilling a work season on 50 or 80 hectares, then need almost major repair? And this is not the poorest model. Recently, the Don combine, which we acquired for a downright fabulous price, for example, has not been operating at all, and we are not in a position to repair it."

"One asks: can there be a question of full-valued lease contracting? After all, the collective, fitted out with this equipment, runs the risk of simply being ruined."

"Now I think that some "American" ideas should be copied. Arlo Van Diest, for example, due to efficient layout of units, is able to place herbicides, cultivate and grind up the soil simultaneously. We do all these operations separately. As a result, we burn up fuel, pack up the wheels with earth.... I intend, during the winter, at the kolkhoz workshop, to make up combined units on the basis of series produced machines."

"We will do it, of course. But the question really is: why must we busy ourselves with "self-riveting" instead of obtaining everything necessary from those who develop agricultural machines? The answer to this, it appears, should be sought where many of our other woes lie—in the lack of wholesale trade in equipment and other resources. Through this sort of trade, I, as chief engineer



of the kolkhoz, could freely acquire tractors, combines and seeding machines, by selecting the best of the many produced by competing enterprises, including foreign ones."

"For three weeks you not only worked, but also lived under American 'rural' conditions, and had an opportunity to become completely familiar with the daily life of an American farmer...."

"It must be said that this produced long-lasting impressions. The living conditions of Arlo Van Diest, just like other farmers, are in no way inferior to urban life. They have a network of stores at their service, in which you can buy everything you need, various workshops and shops. The excellent telephone service makes it possible to reach the subscriber needed in any country in the world, and there are many other conveniences.

"For example, if Arlo Van Diest needs to take his own money from his account, he uses a credit card for this—a small plastic sheet, that bears coded information. You simply place it in the automatic machine, installed at the day-round operating bank, and this gives the required amount in cash.... You cannot help envying this service, especially in comparison with our rural savings banks, which are either completely closed, or else have no money....

"In a word, the reality of life for the American heartland is in many ways not as we imagine it. A stereotype has been formed: they say, in the United States, on almost every corner an armed criminal can be lying in wait for you. I will not attempt to speak of large cities, but in the rural areas, cars wait peacefully with the ignition key in the lock, and they do not lock their houses. I never met any drug addicts or drunkards among the farmers. Before, I had imagined that 100 percent of the Americans had to have a glass of whiskey in their hands. Now I am convinced: the maximum that Arlo Van Diest permits himself is a bottle or so of beer at the traditional Sunday picnic.

"In general, as I noted, farming in the United States is an extremely prestigious job. The people there value the opportunity to live in the rural area, where there is something that does not exist in the city—fresh air, space, and quiet. We have an abundance of all this in our settlements. But here we must still work and work to arrange the life and everyday activity of the people.

"It appears that today, for a number of objective reasons, it is difficult for us to raise our rural life all together. Nevertheless, there is a great deal that we can do, ourselves, without waiting for assistance or suggestions from above. Is it so difficult, let us say, to put a road into order, or the actual building of the kolkhoz board, and to lay out a beautiful flower bed around it? These are not trifles. We will not take the trouble to do this—from

where can we get the habit of living with beauty? This is the precise root of man's conscientious attitude toward work. It is not in vain that they say: habit is the mother of character....

"I am convinced of the international nature of this truth, through working side by side with an American farmer. I remember this incident: once something got into Arlo Van Diest's shoe, preventing him from walking. He stooped down, took a granule out of his boot and, going a few meters farther, threw the granule into a machine loaded to the top. Laughable? In no way! It is a simple incident, but makes one think of the main thing, in which I believe, when thinking of the great future of leasing, and of which I am convinced, from the examples of farming life: the feeling of a land owner is nurtured not by orders and commands, it goes along with man's right to the land and to everything achieved on it through his own labor."

#### **Innovational Changes in Oblast's APK Structure Detailed**

*18240018 Moscow SELSKAYA ZHIZN in Russian  
16 Oct 88 p 2*

[Interview by SELSKAYA ZHIZN correspondent A. Zholobov with A. Kopylov, first deputy chairman of the Novomoskovskiy Agroindustrial Association: "Agricultural Committee or Association?" First two paragraphs are source introduction]

[Text]

#### **Agroprom: New Forms of Economic Management**

Important changes are taking place in the agroindustrial complex. New forms of production relations are being developed in the country, agricultural combines, cooperative associations and other formulations are being formed. Nevertheless, both in the center and in the local sites the old system of management remains, which places many obstacles in the path of development of production and of the social sphere in rural areas. For example, the RAPOs [rayon agricultural-production organizations] have become a constant object of criticism at all levels due to their inability to manage in the way which perestroyka demands. It is no surprise that some kolkhozes and sovkhoses are dropping out of them.

Novomoskovskiy rayon in Tula oblast has gained interesting experience in introducing a new structure of management. At the request of our correspondent A. Zholobov, the first deputy chairman of the Novomoskovskiy Agroindustrial Association, A. Kopylov, tells about this experience.

The old organs of management really are becoming outdated. Their inconsistency was quite specifically discussed at the 19th All-Union Party Conference. Also, the July Plenum of the Central Committee stated directly that since the current system of management of the APK

[agroindustrial complex] has not yielded any particular effect and is becoming outdated, there is no point in clinging to it. The kolkhozes and sovkhozes must change over to the voluntary creation of joint organs of administration instead of the RAPOs, and to cooperative forms of production-technical and economic collaboration. These principles should be extended also to the higher level of APK management.

Such forms of cooperation are already emerging. The search for new solutions is proceeding in many directions. Our oblast, and specifically Novomoskovskiy rayon, has actively embarked upon this endeavor. Rejecting the RAPO, it is the first rayon in the country to create a new type of agroindustrial association—an association of kolkhozes and sovkhozes within the framework of a single administrative rayon. The cooperative formations—plant-growing, meat-dairy, production-technical, design-construction, and finally, supply-trade—have become the structural subdivisions of this association.

It is easy to see that they were created by sectorial indicator and at the discretion of their founders—the kolkhozes and sovkhozes.

This is the essence of our cooperation. It has helped to finally resolve a question which has long been a sore point: who is to be the master of the APK? How do we pass on to the kolkhozes and sovkhozes such important processes as production, transport, procurement, storage, processing and sale of agricultural products, which are currently as disorganized as they can be by departmental barriers?

Now, having introduced a new system of management, all this is within the management of the kolkhozes and sovkhozes, and within the circle of concerns of the cooperatives which they have created. Within the structure of the association they have assumed their rightful leadership position and have become the integrators of the entire cycle of agroindustrial production.

And here is another important point to note. All these formulations are in essence their own property. All the fixed capital of the meat and dairy industry, the industry for repair and material-technical supply, the confectionery factory, and the building organizations which are part of the rayon's APK system and which were abolished as independent production subdivisions have been handed over to [the cooperatives] for management. Each cooperative has its own independent balance, which has the right of a legal personage. It operates on full cost accounting and self-financing, and is managed, like the entire association, on a full democratic basis.

Their work has become more independent and efficient. They have been relieved of petty details, various directives, and all kinds of unsubstantiated payments. One single control indicator has been established for them—overall profitability. It must be no lower than 35 percent.

If you do not aim toward this, if you begin to work without accounting—you may find yourself bankrupt. We might add that several farms and enterprises which were unable to carry on expanded reproduction had to be eliminated, and their land and property handed over to other collectives, to more reliable hands.

Yet another action was associated with this same desire for increasing the effectiveness of production. That is, the development of farm size optimizations. Before in Novomoskovskiy rayon each kolkhoz and sovkhoz averaged 3,000 hectares of arable land. Some had even less, although the management apparatus which they supported was the same as all the others. The association felt that having excess segments at the management level was a luxury. They had to be eliminated! And so they were. Altogether, the administrative apparatus was reduced by over 500 persons.

The dimensions of land usage were also regulated. Several of the small farms were paired together, and two sovkhozes were created on the basis of the state livestock raising plant "Bolshevik," which had 11,000 hectares of arable land. Now the average size of the arable land in the rayon's farms has been brought up to 4,500 hectares. Such an optimization of sizes, they believe in Novomoskovsk, most fully reflects the economically substantiated norms. In such cases it is possible to make broader use of progressive technology and leading labor methods.

As in everything, the entire system of new relations is built on the economic methods of management. The association does not give indulgence to anyone. It teaches everyone to work with the greatest effectiveness.

Let us take another fact, for example. Everywhere the RAPOs distribute state subsidies to farms with low profit indicators according to the principle—to all sisters alike. In Novomoskovsk they do it differently. They distribute the subsidies not by farms, but by sectors, for those types of production which do not bring particular profit to the farms, but which are in particular demand by the population. Many farms which have received such subsidies have begun paying more attention to sectors which are lagging behind and have begun thinking about increasing the availability of products which are in short supply on the store shelves.

The city of Novomoskovsk with its sizeable population, which the association has adopted for provision, is fully supplied with vegetables and potatoes. The network of trade centers there is increasing. The cooperatives of the agroindustrial association are conducting the sale of their own meat and dairy, vegetable, confectionery, and other products. In this and other neighboring cities of the oblast there are already 19 company stores in operation. In the near future their numbers will be increased by one-half.

Such enterprise also works in favor of the farms themselves. From the work of the cooperatives alone, the rayon's kolkhozes and sovkhozes gained 3 million rubles last year.

Do we consider our form of integration complete? Of course not. The experiment continues. The facets of economic relations are being polished, the system of the economic management mechanism is being developed. What is a cooperative in our association? It is a structural subdivision which integrates the transport, procurement, storage, processing, and sale of agricultural goods, aside from their production. This function remains with the producers themselves—the kolkhozes and sovkhozes. Integration in such form turns out to be somehow incomplete, not fully structured.

Today we are proceeding in the direction of further development of production cooperation. Wherever it is inexpedient for the cooperative to organize in-depth processing, we create agricultural firms with a full cycle of integration. One such agricultural firm which bears the poetic name of "Ivan-Ozero" was created on the basis of the Shirinskiy Poultry Factory, the sovkhoz "Shat", and part of the kolkhoz "Obyedineniye", and is already beginning its operation. Based on the processing of its own raw materials, it will manufacture various ready-to-eat meat, poultry and vegetable products.

Two other such cost accounting agricultural firms will soon be organized: one for processing potatoes, and the other for livestock breeding work.

The association has been operating in Tula oblast for 1.5 years. Yefremovskiy and Aleksinskiy rayons have also followed suit, and have similar formations in operation. A number of other rayons are also preparing to change over to such a system of management. Cooperative agroindustrial associations are being created at the oblast level. Soon the entire oblast will change over to this system of economic management. I have already seen proposals for improving the management of the entire agroindustrial complex, a project for a new structure of management, whose development has received much input from specialists of the Tula oblagroprom, the Novomoskovskiy agricultural association, and the scientists of VNIETUSKh [not further expanded].

The new structure calls for the elimination of all the agroindustrial committees and the creation of self-governing cost-accounting associations, kolkhozes, sovkhozes at the oblast level, based on democratic principles. Their purpose is to take on the tasks which rayon associations cannot assume.

There are proposals to create cooperative associations for selection-breeding work, seed-farming, land reclamation and agro-chemical operations, for the production of building materials, for complementation and planning of facilities. A scientific-production cooperative and a cooperative bank will also be created, as well as other

cooperative associations. The highest organ of all these formulations is the assembly of designated representatives of the kolkhozes and sovkhozes. They, like in the rayons, will select a governing board, a chairman and an inspection commission.

All the agroindustrial associations, combines, agricultural firms, and production-farm systems of the administrative rayons will be subordinate to the assembly of designated representatives at the oblast level.

At the same time, we believe that a similar reorganization at the republic and union level must be performed in parallel, without procrastination.

We have our own proposals for this level too.

This is also the input of collective thought, the search for joint decisions by scientists, specialists, and practitioners. Unlike the oblast associations, the regional corporation must concentrate its attention on more global directions such as the production of means of production. It must be created in the same way as all the previous new forms of administration, on a truly democratic basis. Its highest organ of administration must be the assembly of the kolkhoz and sovkhoz cooperators of the republic or the individual region.

The corporation carries on its production activity through its industrial associations of enterprises and organizations of the republic or region APK.

The primary task of the corporation's administrative apparatus, according to the proposals of this scheme's authors, is the provision of a financial system, the development of economic and financial standards and conditions for cooperation of the kolkhozes and sovkhozes with the members of their own cooperation, as well as with the organizations of the CEMA member states and with the companies of the capitalist and developing countries.

If all that we are speaking about here can be realized, then the result will surely be positive. The kolkhozes and sovkhozes as the primary producers of agricultural products will have a greater chance to strengthen their influence on the economics of the APK, and to more actively solve the problem of food provision to the country.

### Cooperative Entrepreneurial Efforts Stifled

**Equipment Purchases By Citizens Approved**  
*18240014a Moscow SELSKAYA ZHIZN in Russian*  
28 Sep 88 p 2

[Interview with the deputy chief of the Economic Legislation Administration of the USSR Ministry of Justice N.V. Lapchenkov by Yu. Volokhov; date and place not specified]

[Text] A timely interview. "Do we have the right to procure refrigeration equipment?" "Where and at what price can a needed KamAZ be obtained?"—ever more

frequently the editorial board is receiving letters containing such questions from cooperators and persons engaged in private labor activity. Our correspondent held a discussion with the deputy chief of the Economic Legislation Administration of the USSR Ministry of Justice N.V. Lapchenkov concerning these and other similar problems.

[Volokhov] Nikolay Vasilyevich, cooperators are enterprising and business-like individuals who require clear and specific information. For example, V. Dmitriyev in Gorkiy Oblast asks if it is possible for a cooperator to purchase a dump truck and how can this be done?

[Lapchenkov] In any case, I would advise cooperators, as the first order of business, to study the law governing "cooperation in the USSR." This document is the chief reference point for them. In Article 27 (Point 4), it is stated: "A cooperative is authorized to procure from state, cooperative and other public enterprises (organizations) and citizens unused buildings, installations, machines, equipment, transport vehicles, raw materials and other materials." A similar norm, one which authorizes state enterprises to sell the mentioned types of property is contained in Point 4 of Article 4 of the Law Governing a State Enterprise.

[Volokhov] Thus a cooperator is authorized to draw the conclusion that he can purchase everything that he needs. Is this not true?

[Lapchenkov] To be more exact: everything that is needed for the normal operation of a cooperative. The law does not contain any other limitations in this regard. Reference can be made to Decree No. 1425 of the USSR Council of Ministers dated 28 November 1986 entitled "Measures for Reducing the Supplies of Commodity Stocks in the National Economy." In conformity with this document and commencing in 1987, enterprises and organizations were authorized, without the consent of the ministries, departments and organizations of Gosplan, to sell unused property, including to cooperatives.

[Volokhov] Under what conditions and at what price?

[Lapchenkov] In developing this decree, USSR Gosplan approved the statute governing the commission trade, where these questions are regulated. Trade in unused commodity stocks is carried out through special and general-purpose associations, administrations and enterprises for the delivery of products and by wholesale and commission stores. The prices for this property are established based upon agreements reached between the state enterprises and the commission trade specialists. These prices cannot exceed the approved wholesale prices and for products sold at retail prices—the retail prices less the trade discount.

[Volokhov] But what if the equipment had already been used?

[Lapchenkov] Then the price must take into account the actual wear and tear and the quality of the item being sold.

[Volokhov] Nikolay Vasilyevich, can an enterprise sell surplus equipment directly to a cooperative, by-passing a commission store—at an agreed upon price? Indeed the Law Governing Cooperation and the Law Governing a State Enterprise were adopted after USSR Gosplan had approved the mentioned statute and nothing is said in them regarding commission trade.

[Lapchenkov] Yes, this derives from both laws. But the normative document of USSR Gosplan is not in conflict with them. I assume that an enterprise or organization that has materials which it does not need can itself select the method for selling them.

[Volokhov] You have discussed in detail the sale to cooperatives of property not used by state enterprises themselves. A large portion of this property is worn out or defective items of equipment or machines. And it is my opinion that V. Dmitriyev and his cooperative comrades do not want a mutilated vehicle that lacks wheels or a transmission, but rather they want a new and reliable dump truck. Is it possible for them to purchase it directly from a production plant?

[Lapchenkov] This is authorized upon the condition that the machine building plant has fulfilled its contractual obligations and also when its products have been rejected by a customer or the organs of logistical supply, despite having signed an agreement calling for the delivery of such products (Point 2 of Article 16 of the Law Governing a State Enterprise). Cooperatives can purchase new transport and agricultural equipment on a cash basis from firm stores of USSR Minavtoprom [Ministry of the Automotive Industry] and USSR Minselkhoz mash [Ministry of Tractor and Agricultural Machine Building], organizations of USSR Gosagroprom [State Agro-industrial Committee] and also from consumer cooperation. These stores are selling new machines which were never used at enterprises of ministries and departments and also which were produced in excess of the plan—in accordance with an established list. And commencing in 1989, transport equipment and agricultural machines will be allocated especially for sale to cooperatives.

[Volokhov] But only several types of machines which can be purchased by cooperators are indicated on the list: YerAZ-762V and IZh-2715 trucks, tractive class tractors up to 3 tons, two modifications of trailers for them, plows, sowing machines and cultivators. Meanwhile, as we have already explained, a cooperative is authorized to procure anything that it needs for carrying out its work. But here there is a limitation.

[Lapchenkov] The list of equipment can be defined more precisely. If experience indicates that cooperatives require many other machines, they can purchase them. It

bears mentioning that USSR Goskomtsen [State Committee on Prices] recently established the retail prices for 38 types of machine building products. Cooperators will be able to procure autobuses of several types, automobile vans, truck tractors, trucks and trailers for them of various load carrying capabilities. Included among them are a KamAZ-5320 and an SAZ-3502 dump truck.

[Volokhov] How much will the cooperative of Comrade Dmitriyev have to pay for them?

[Lapchenkov] This depends upon the work being performed by the cooperative. If it is producing consumer goods or providing services for the population, then the purchases will be made at retail prices: dump truck—for 34,000 rubles and the KamAZ-5320—for 63,000. If the cooperative specializes in the production of goods of a production-technical nature or if it provides services for state enterprises and organizations, then it will pay the wholesale or contractual price.

[Volokhov] Thus far we have concerned ourselves with cooperatives. But persons engaged in private labor activity would also like to purchase trucks, autobuses and other items of equipment. And they are making such purchases—this has been reported on more than one occasion by newspapers, including SELSKAYA ZHIZN. There is V. Manyanin, a driver in the city of Serafimovich in Volgograd Oblast, who dreams of procuring a T-25 tractor. The leaders of the kolkhozes and sovkhozes to whom he turned rejected his request. He wrote to the editorial board and requested assistance. But there is no normative document that would directly authorize such a transaction. Moreover, the well known norms of civil legislation (Article 22 of the Principles and Article 96 of the Civil Code of the RSFSR), which prohibit citizens from assuming the property of state organizations, property which relates to the principal means of production, have still not been abolished in the established manner. How can this be?

[Lapchenkov] Article 22 of the Principles contains the stipulation: with the exception of individual types of property, the sale of which to citizens is permitted by USSR and union republic legislation. True, the discussion concerned as a rule the sale to citizens of apartment buildings by the executive committees of local soviets. Today, in accordance with Decree No. 1425 (already mentioned above) of the USSR Council of Ministers dated 28 November 1986, it is possible to sell unused commodity stocks even to the population. Such a possibility is also permitted by the Law Governing a State Enterprise (association)—in Article 4 (Point 4) and Article 16 (Point 2). Thus I can provide Comrade Manyanin with a complete and definite answer: a sovkhoz or other state enterprise can sell you a tractor if the enterprise no longer has need for it and provided it concludes a sales-purchase agreement with you. Naturally, a citizen does not have the right to demand the drawing up of such an agreement.

[Volokhov] Frankly speaking, it is difficult to imagine—a KamAZ, for example, a bulky and cumbersome thing—to be privately owned. Indeed, it can be used as a taxi-truck. Given the conditions found in a village, one that is poverty stricken from the standpoint of service, such a motor vehicle would be a golden treasure. But on the other hand—how is it possible to ensure good care for such a complicated item of equipment? Where would one procure the required fuel, oil and spare parts?

[Lapchenkov] With regard to a golden treasure, it is possible that such could happen, but only the first time. Up until now, the demand for transport services has been great. But the supply has also been available. And what about now? To haul firewood, construction materials, furniture—the problem for a rural resident is that he must employ a compliment and a bottle of vodka when requesting the services of a machine operator. Who suffers in the final analysis? The consumer. With regard to the refueling of tractors and trucks—the appropriate instructions are already being prepared. I believe that the readers should be aware that the organs of USSR Gosagroprom are responsible for registering tractors, tractor trailers and self-propelled agricultural machines that are privately owned by citizens, issuing unified license plates and technical certificates and carrying out other duties. A list has been approved of fees to be paid by citizens who own the above items of equipment. Thus, for an annual technical inspection, for the issuing of a technical certificate or unified license plate, for undertaking examinations and for the issuing of a driver's license, the owner of a tractor, for example, is required to pay 5 rubles in each instance.

[Volokhov] Nikolay Vasilyevich, I would like to read still another special letter. The author is not alone in his thoughts. "A sovkhoz worker purchases a tractor for himself, leases state land for 50 years and hires workers for the harvest period—does not such an individual become a kulak or a rural "capitalist?" asks lathe hand I. Gerasimov in the city of Sverdlovsk. How should we answer him? Indeed, in the recommendations for a lease contract, recommended by USSR Gosagroprom and VASKhNIL [All-Union Academy of Agricultural Sciences imeni V.I. Lenin], it is stipulated that a lessee can employ additional man-power for the period of tense agricultural work.

[Lapchenkov] I believe that in this instance we are overstepping the line beyond which we must not pass. Let us look at Article 17 of the USSR Constitution, which contains the simple statement: "In the USSR, in conformity with the law, private labor activity is permitted in the sphere of handicraft trades, domestic services for the population, agriculture and also in other types of activity that are based exclusively upon the personal labor of citizens and members of their families." Exclusively! This confirms the fact that no deviations from the rule are tolerated. Does this make sense? Regardless of what is said or what guarantees are given, the possibility

of exploitation of foreign labor nevertheless appears. I doubt if those who composed the lease recommendations possess any weighty counter-arguments.

Let a citizen purchase a tractor or motor vehicle, let him lease the land, let him produce more cheap products and other goods and let him earn a considerable amount of money—but only based upon his own labor and not that of others.

### **Procurement, Registration of Agricultural Machines**

18240014a Moscow PRAVDA in Russian 21 Oct 88 p 4

[Article by G. Bilyalitinova: "All Prohibitions Removed"]

[Text] "I keep my old mini-tractor, produced from low quality materials, in a barn. I cannot make full use of it—it has no license plates. Is it really not clear that these prohibitions are merely delaying a solution for the food problem?" (from a letter sent in by A. Golovina, Sverdlovsk Oblast).

"At the present time, in connection with the growth in the number of tractors, including privately owned home-made ones, the government has handed down a decision calling for their registration and regulation of their use" stated the chief state inspector for USSR Gostekhnadzor M. Shibayev, after reading this letter, "A tractor, mini-tractor, trailer for a tractor or a self-propelled machine must pass a technical inspection, be registered and have license plates issued. The work will be carried out by rayon inspections of Gostekhnadzor of the USSR Gosagroprom System at the owner's place of residence. Towards this end, it will be necessary to present the inspection with a request for registration, a document which confirms that the machine (or the principal units of the home-made machine) were legally obtained and receipts for the payments made for the technical inspection, issuing of license plates and the technical certificate. The owner must possess a certificate attesting to his right to operate the tractor."

Subsequently, once each year, at a time established by the Gostekhnadzor inspection, the registered tractors and mini-tractors must undergo a state technical inspection.

The readers ask: why is it that such instruction cannot be organized there in the rural areas?

Citizens who prepared independently for the examinations have been authorized to take them by an appropriate agroindustrial committee. Those who successfully pass the examination on the rules for traffic movement and on practical skills are issued a driver's license. The examination can be taken a second time no earlier than 30 days later.

If a tractor owner has a driver's certificate or a certificate qualifying him as a driver, a driver's license can be issued to him only after a check has been carried out on his practical skills in operating the machine which belongs to him. The organs of GAI [State Automobile Inspection] and Gostekhnadzor can take away a tractor operator's license for crude violations of the rules for traffic movement and technical operation.

Work will be completed in the near future on the development of normative materials for regulating the technical operation of privately owned tractors, trailers for tractors and other self-propelled agricultural machines. These materials will be made available to the rayon inspections of Gostekhnadzor, where the owner of a machine will be able to obtain all of the information of interest to him and be able to register his machine.

The Denisenko family in Krasnodar Kray asks: we are operating on the basis of a family contract and we are in need of small units of agricultural equipment. Where can such equipment be obtained?

Minselkhoz mash [Ministry of Tractor and Agricultural Machine Building] and Minaviaprom [Ministry of the Aviation Industry] are presently producing only engine units which do not require registration. For all practical purposes, mini-tractors are in a stage of development and testing. This includes tractors of the Kutais and Kharkov plants. The purchasing of a new small conventional agricultural tractor for personal use is still also a problem. But experience is available in the sale, for personal use, of used tractors and agricultural machines.

## PIPELINE CONSTRUCTION, OPERATION

### Ministerial, Other Conflicts Along Pavlodar-Chimkent Pipeline Described

18220015 Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 25 Sep 88 p 1

[Article by V. Nikolayev (Dzhezkazgan Oblast): "The Rayispolkom Versus the Ministry"]

[Text]

#### The Soviets: Regions and Agencies

A serious conflict has flared up in the small settlement of Atasu in the center of Zhanaarbinskiy Rayon, and grave passions are raging. The rayispolkom has come out decisively and uncompromisingly against actions of USSR Minneftegazstroy [Ministry of Construction of Petroleum and Gas Industry Enterprises], which is building alongside the settlement an oil-pumping station on the Pavlodar-Chimkent oil pipeline. Strong measures have been in effect: they do not allow combustibles, they shut off power and they stop motor vehicles. The rayispolkom is resorting to assistance from the militia, while the builders feel as if they are in a state of siege.

What has happened? The huge oil pumping station has been under construction for several years, at a cost of 12.3 million rubles. A housing settlement for the station's tending personnel should be built as part of the station complex, with costs of 4.5 million rubles, according to the design. But the station is almost ready for turnover, while the bare steppe occupies the settlement site. USSR Minneftegazstroy is building the station on order from USSR Minnefteprom [Ministry of Petroleum Industry]. These two most powerful agencies, with billions of rubles on the credit side of their ledgers, and which have created giant and most complicated facilities, cannot agree at all on the construction of simple one-story cottages for their workers. The one is bringing workers in by air from the Komi ASSR, while the other is dumping its worries about its workers on the local soviet authority.

But the latter have their own completely different concerns: there are not enough housing, schools, kindergartens and municipal-services facilities in the settlement. The workers who tend the existing pipeline ramble about other people's places, and complain to various bodies. The rayispolkom has repeatedly appealed to Minneftegazstroy to start the construction of housing for the oil workers, but the mightier agency has not even reacted. V. Karepov, chairman of the Zhanaarka rayispolkom, having despaired in the struggle with parochial interests for the interests of the workers, proposed that a construction project be established temporarily. The ispolkom and a session of the rayon's soviet of people's deputies supported it. But Minneftegazstroy did not even pay attention to this solution. Then strong measures were effected.

When the builders' "oxygen" was cut off, as is said, a reaction followed at once. But which? They accused the rayispolkom of illegal actions, and they threatened to report the chairman to the investigative organs. But the newspaper IZVESTIYA and the Dzhezkazgan oblispolkom sustained the rayispolkom's action. However, the bureaucratic interest in turning the industrial facility over without housing wavered not a bit. It became even more resolute and sharp. When forceful pressure, especially on rayispolkom chairman V. Karepov, did not help, searches began for numerous technical reasons, subterfuges and promises, even proposals to the republic council of ministers to build housing for the oil workers in another rayon with more favorable natural and climatic conditions, and to tend the pumping station by the rotating-duty method. They also acted with deception, promising to undertake the housing construction on time, hoping in this way to divert attention from the station, but meanwhile to push it off more quickly and wash their hands of it....

As a result the Kazakh SSR Supreme Soviet Presidium intervened in the affair. An on-site meeting was held for a couple of days at the Atasu settlement. It was the Standing Commission on Construction and the Building-Materials Industry of the Kazakh SSR Supreme Soviet, under the chairmanship of Deputy N. Krasnoselskiy, at which the existing situation was discussed in detail. After the deputies became acquainted with the causes of the conflict, chairman of the Dzhezkazgan oblispolkom K. Zhumabekov asked for support for the position of the Zhanaarbinskiy Rayon Soviet.

The deputy chief of Glavtransneft [Main Administration for the Transport and Delivery of Crude Oil] S. Vinnichenko gave an explanation in the name of USSR Minnefteprom. He cast the guilt on Minneftegazstroy and assured that the station would not be accepted without housing. But the Minneftegazstroy representative, deputy chief of Glavkomneftegazstroy S. Bezuglyy, put the whole blame on Minnefteprom. In so doing, he could not answer the direct and clear questions of the deputy. We shall not analyze the details of these explanations, the more so since most of them are farfetched, and we shall look the truth in the eye. Minnefteprom orders the industrial facilities from its kindred ministry, which builds them. Who should be concerned about housing for the future workers? The client. He did everything formally for this. The engineering design was prepared and coordinated with USSR Gosstroy. But it was profitable for Minneftegazstroy, in regard to the plan for assimilating capital investment, which is measured in the billions of rubles, to build only the industrial facilities. For example, at the Atasu railroad yard they drove piles and set up on them a module supplied with imported equipment and—that is half a million in the pocket. But with housing, schools and kindergartens it has troubles. And so they find dozens of reasons for not building them.

The client, in this case, helplessly throws up his hands. He is afraid even to think about stopping the "truncated" construction project, about not paying, because

he needs the crude at any price. Moreover, it is hoped that the local soviet authority will, in any case, help their workers. And what can the authority do? How is it to execute local self-administration if the money and material resources are in the hands of the agencies? And the agencies, shielded by the state importance of the industrial facilities, strive to push it into operation without housing. For example, the Pavlodar-Chimkent oil pipeline was pushed out this way in the past, and right now 28 oil workers' families need housing in Atasu settlement. Where will they go with their concerns? To the Zhanaarka rayispolkom.

Chief of administration of the East Kazakhstan trunk oil pipeline A. Lobayev addressed the deputies, saying:

"Minneftegazstroy is doing that which this is profitable to it. They have become accustomed to earning easy money. They undertook to build the station with great relish, but they returned the documentation about the housing without even reading it."

Previously, departmental dictation was easily dealt with. For there was no other contractor, and the plan had to be met. But society must break the existing mechanism. We do not need oil at such a price. And the workers who are building the station agree with this, although in this conflict they have turned out to be the sole disastrous side. They fly from the Komi ASSR to earn money, and the work stops. They send telegrams to their minister, V. Chirskov, and he does not answer. Representatives of the ministry did not come to the Dzhezkazgan oblispolkom meeting nor were they at the meeting of the Standing Commission of the republic's Supreme Soviet in the Atasu settlement. They only sent S. Bezuglyy from the city of Ukhta, Komi ASSR. It looks as if Minneftegazstroy workers are ready to look like incompetents and even, in the expression of the deputies of the Supreme Soviet, to be politically shortsighted, but not in any case to be defeated before the local Soviet authority. Obviously, it is hoped that the workers will run out of patience and they will turn their anger against local authorities. And what do the workers themselves think?

V. Yabs, who works as a driver at the station, says:

"A GAI [State Motor Vehicle Inspection] worker comes and prohibits me from driving out, while the authorities force me to work. What am I to do? And I want to stay to work at this station and I hope to obtain an apartment here, so I support the rayispolkom decision entirely."

And here is what installer-mechanic R. Zayrullin, who was flown in from the city of Ukhta for rotating duty, told me:

"The local soviet authority is acting correctly. That is as it should be, otherwise we shall not have perestroika."

Other workers say the same. But the construction supervisors send telegrams in their name with indignation over the illegal actions of the local authority, and they try to pit the workers' collective against the rayispolkom. For example, on 9 September the acting manager of Severokomplektmontazh [Trust for Outfitting Construction Work in the Northern Economic Region] V. Steblev published an order that required construction of the station to be completed in the shortest possible time and in so doing required the workers: "Not to show the slightest violation of the law in daily life." As if they expect provocations from the local authorities. But the fact that they provoke the rayispolkom to extreme measures is not conceived.

How is the rayispolkom to act in such a situation? Can it make use of the Dzhezkazgan Oblast prosecutor's order: "Require the client to develop and to execute by a specific deadline, jointly with the general contracting organization, measures for eliminating the lag in the construction of housing and social, cultural and domestic-amenity facilities"? The ispolkom requires, but the agency is not required. And what lag in housing construction can be referred to if construction of it has not been started and they are not prepared for it.

As we see, the oblast prosecutor did not sustain the rayispolkom's action. The reason is clear: there is still no precise mechanism for local self-administration, and the prevailing practice of "requiring" does not produce any result. Therefore, all the deputies of the Kazakh SSR Supreme Soviet and the members of the Standing Commission at the on-site session supported the actions of the Zhanaarka rayispolkom. Decisive measures are needed for putting an end to bureaucratism. Thus the Zhanaarka rayispolkom also acts in accordance with the methods allowed it. It simply has no other methods of influence. And to act in the old fashion means to turn to stagnation all over again. That is why the Standing Commission of the Kazakh SSR Supreme Soviet adopted the decision: "Support the justified demands for restructuring the action of the Zhanaarkinskiy Rayon Soviet of Peoples Deputies and its executive committee in regard to halting the construction of the pump station on the Pavlodar-Chimkent oil pipeline in Atasu settlement."



## LABOR

### Leasing Opportunities in Cooperative Sphere Examined

18280019 Moscow *PLANOVOYE KHOZYAYSTVO* in Russian No 10, Oct 88 pp 30-38

[Article by V. Shcheglovskiy, candidate in Economic Sciences: "Leasing Relations: Prospects for Development"]

[Text] Major economic and organizational measures to accelerate socio-economic development have been outlined and are now being implemented in our country. A new structural-investment policy is being carried out. Priorities have been determined for the development of the economic system. Over 60 percent of the industrial enterprises are operating under new management conditions. An acceleration of economic growth has been outlined, and production efficiency has increased. Positive changes are also taking place in social development.

The restructuring of the economic system is still progressing slowly and with difficulty, however. As before, the expenditure mechanism is in operation and currency indicators are still used as the basis for everything, stimulating increased use of resources and failing to interest enterprises in technical renovation. There are no noticeable positive changes in the development of the most important directions in scientific-technical progress and particularly in scientific-intensive production and resource-conserving technology.

The high expenditure is supported, on the one hand, by the free nature of allotting capital investments from the budget, and on the other—by the dictates of the producer. This intensifies the lack of balance in the national economy: production is not subject to the demands of the consumer and satisfaction of his needs, but rather, the consumer is obliged to take what is given him. The situation is exacerbated by the fact that no direct, rigid ties exist between an increase in the efficiency of using all types of resources—physical, labor, financial—and the remuneration for the work collective. The workers and specialists have not yet become true masters, and are not directly included in the production management system. Often personal interests do not coincide with the public interests, mainly because of insufficient development of commodity-monetary relations and the passive action of the credit-financial and other economic levers—the main conditions for ensuring cost accounting independence for the enterprises, self-government of the work collectives and economic independence.

Perhaps the most urgent problems in today's economic system are connected with the financial state of the enterprises. There are still many low-profit and unprofitable ones among them. According to the data of the USSR State Statistical Institute, there are 2800 planned-unprofitable enterprises in industry, which constitutes 9 percent of the total number of enterprises, and about

4000, or 13 percent that are actually unprofitable. In the system of USSR Gosagroprom alone, there are about 7000 unprofitable enterprises. Even in the sectors that have converted to full cost accounting and self-financing, there are more than 800 unprofitable enterprises. The loss from the economic activity of these enterprises is 11 billion rubles a year. Under the new management conditions, they are simply not capable of solving production and social problems. Their mechanical transition to cost accounting is often the most actual discreditation, not only of its principles, but also of the entire economic reform.

The profitability or loss of enterprises in many ways depends on the level of their technical equipment, which so far has been determined, to a decisive degree, by the centralized distribution of capital investments. The insolvency of this approach is particularly manifested in the conversion of enterprises to cost accounting and self-financing. The unprofitable and little-profitable enterprises are relieved of payments to the production funds, have beneficial withholding norms established for them in the budget, etc. These measures, however, do not contribute to realizing the reserves of economic and social development for the work collectives, and do not create economic levers to utilize internal self-development incentives.

This problem can be solved by two basic methods. The first presupposes leveling out the "start conditions" through bank loans, and the second—through the financial assets of the sector on the basis of retribution. However, with widescale use of the first method, a shortage of credit resources may appear, and there are no guarantees of their efficient use. As for the second method, it inevitably leads to a certain redistribution of funds between the highly profitable and the unprofitable enterprises. In some sectors of industry, the proportion of low-profit and unprofitable enterprises is quite high, and therefore, leveling out the conditions for management may lead to undesirable results—the economic situation of the highly profitable enterprises will deteriorate, and they will become low-profit or completely unprofitable. It is obvious that in this specific case it is necessary to determine the optimum combination of these methods to achieve the greatest results for the funds used. In solving the problems of increasing the profitability of enterprises, it should also be borne in mind that lack of profit is in many ways linked with imperfect price formation.

Problems of improving the financial situation of enterprises and of eliminating their unprofitability under the conditions of cost accounting must be solved, not only by financial aid from above, but primarily through improving their economic operations, realizing all the internal reserves for production cost reduction, reducing materials-intensiveness and eliminating losses and other nonproduction costs. The main direction for work on

realizing these reserves is fuller utilization of the potentials of intraproduction cost accounting at all levels, including shops, brigades and each worker.

Radical economic reform and restructuring the economic mechanism require a constant search for new forms and methods of management in all sectors of the national economy. A revolutionary break in the old economic mechanism cannot be episodic in nature. It is a constantly updated process, requiring consideration of the objective economic conditions. The USSR Law on the State Enterprise (Association) considerably expands the independence of the enterprises, although a number of its premises have not yet been adequately reflected in practice, and some of them have been inadequately worked out.

Let us take, for example, the practice of the interrelations of enterprises with the state budget and the higher organizations. Under the new conditions of management, the enterprises mainly carry out two forms of payments. The first is payment for the resources utilized, and the second is the tax on the result, and at the present time it is formed according to the norm for residual profit or income and is withdrawn in the form of payments to the state budget and higher organs.

In the course of reform, the system of economic indicators and norms, which determine the proportional distribution of incomes and profit, is formed on the basis of the approved five-year plans, and therefore the levels and proportions placed in it were those that were determined in a centralized fashion by higher organs, before the introduction of the Law on the State Enterprise. As a result, practically the same resources as before were withdrawn from the enterprises, but only by means of the economic norms.

An important task under the conditions of cost accounting is establishing the size of the payment to the production funds. At present it is determined by the minimum level of efficiency and on the average equals 6 percent of the average yearly initial cost of the fixed productive capital and the normalized circulating capital. However, the true economic content of the payment for the funds is the lease payment, and therefore it should be regulated by the change in the level of profitability, which reflects the demands of society for efficient use of the productive capital.

Another form of withholding in absolute terms is payment for the use of labor and natural resources. The state's expenditures for training work forces, social-cultural and communal-everyday services for the workers and members of their families are refunded through it. Along with this, it creates additional incentive for operating with a smaller number of workers.

The amounts, established for the current five-year plan, of payments for labor resources and the procedure for their use at enterprises with varying forms and levels of

efficiency of production-economic activity make it possible in general to achieve the established goals, even though there are a number of circumstances preventing this. Quite often the ministries and departments release the enterprises from having to make these payments. The problems of distributing the payments between the budgets of territorial organs have not been fully solved, and these resources, entering the budgets, have not been calculated precisely enough.

The payments may become a strong economic lever of multiplanar action, if, when determining their amounts and the procedure for collecting them, all the factors of efficient use of labor resources and the interests of the work collectives and organs of territorial administration are taken into account. This is particularly important when solving the problems of self-financing for the territories in the next few years.

The main way to solve the above considered problems is widescale use of commodity-monetary relations and development of full cost accounting at all units of the economic system. One of its effective forms consists of contracting and leasing relations. They permit clear-cut determination of the rights and duties of enterprises and ministries, establishment of mutual responsibility, strict delimitation of functions and expansion of the independence of work collectives. In lease contracting, the higher organs of administration, on the basis of an agreement, transfer by lease to the collectives of the enterprises (or their structural subdivisions) the fixed production funds and working capital. The work collective, by paying a fixed leasing sum, becomes, not formally, but essentially the true owner of the enterprise, since the formation of the appropriate capital is now implemented without any norms and depends fully on the end result.

USSR Goskomtrud, in conjunction with the VTsSPS [All-Union Central Trade Union Committee] drew up the appropriate documents, directed toward rendering practical assistance to enterprises and organizations in consistent introduction of contracting in large organizational structures (shops, production facilities) and other subdivisions, and in further increasing the efficiency of family lease contracting in the agro-industrial complex.

At the present time, in the enterprises of the agro-industrial complex, contracting collectives are working about 90

of the pastures and are servicing approximately three-fourths of the livestock. All the structural subdivisions of the kolkhozes and sovkhoses (brigades, detachments and units) are converted into contracting forms. They operate on the basis of agreements with the farm administrators.

Lease contracting is one of the most promising directions for the development of contracting relations. At the Aley Kolkhoz in Altay Kray, the Sovkhoz imeni 60th Anniversary of the USSR in Kustanay Oblast, in Pytalovskiy

Rayon in Pskov Oblast and on many other farms in other regions of the country, lease contracting using contractual (expert) prices for the goods produced has become widespread. The interrelations between the lessees and the farm administrators are implemented on the principles of "buying-selling": the collective of the subdivision buys the physical resources from the farm that are needed for production (seeds, feed, fertilizer, etc.) and sells the finished product to it. The land, the equipment, the structures, the productive cattle and other means of production are transferred so as to be at the disposal of the collective of the subdivision on the condition of collective material responsibility.

At the Aley Kolkhoz, in 1987, the average gross output rose by 64 percent, gross income—by 86 percent, and profit—by a factor of 3.7. At the same time, labor productivity rose by 68 percent, and wages—by 38 percent, as compared with the average level of 1981-1985.

The farms in Pytalovskiy Rayon in Pskov Oblast were 60-80 percent provided with work personnel, but with the transition to lease contracting, they began to manage with their own forces, without drawing workers from urban enterprises and organizations into agricultural work. This experiment was particularly valuable for farms in the Nonchernozem zone of the RSFSR, which had acute shortages of work personnel.

The most advanced form of leasing relations are those in which the leasing collectives have full economic independence, and everything they produce is in their possession and at their disposal. They sell it independently, carry out all the accounts with the state budget and ensure expanded reproduction. Introducing this form is particularly important for low-profit farms and those operating at a loss. It is used, for example, at the Prapor Kommunizm Kolkhoz in Kolomyyskiy Rayon in Ivano-Franko Oblast. The leasing collective, consisting of four persons, has concluded a contract with the kolkhoz to raise 1500 geese, 1000 rabbits and 70 head of fur animals, and sell them to the farm at the lease prices. Plots of land 10 hectares in area, tractors and summer structures are allotted to the collective to grow fodder. For all this, the collective should pay the farm rent regardless of the results of their work, in the amount of 4500 rubles a year. In addition, the contract stipulates levying income tax in the amount of 10 percent of the total income. All the materials, electric power, etc., purchased by the collective from the kolkhoz, are paid for at planned accounting prices. The leasing collective organizes the production process independently and bears full material responsibility for its results.

At present, family and individual contracting are quite widely used. In 1988, about 2 million contracts on work in public production and on a personal subsidiary farm for citizens have been concluded on these principles at kolkhozes and sovkhoses. Family contracting to breed and fatten livestock in a personal residence at kolkhozes

and sovkhoses in Lithuania, and some oblasts of Belorussia, the Ukraine and the Russian Federation is widespread. The fact that family contracting permits more active utilization, to increase production, of pensioners, householders, teen-agers and also workers and kolkhozniks in their time free from their basic work, is very important.

At the 40-Year October Kolkhoz in Brest Oblast, machine operator Kravchuk and his three sons have taken on contract 498 hectares of plowed fields (which, estimated per person, is approximately 1.5-fold more than on the average for a farm); they are raising grain, potatoes, sugar beets and feed crops. In 1987 they entered into the account, per person, an output amounting to 82,000 rubles, which is almost double the average for the kolkhoz. The average monthly earnings were 463 rubles. These results were achieved due to unity, friendly work and genuine interest in the end results.

For efficient development of family contracting and an even greater rise in the labor productivity of these collectives there must, of course, be an increase in the output of small equipment, combined units and other machines, which can be used in plant-growing and small animal breeding facilities.

There are also high results from lease contracting in trade, public catering and everyday services. As practical experience has shown, in this form of production organization, in the first year labor productivity increased by a factor of 1.3-1.4, and profit—by a factor of 1.5-2.

There is also considerable promise for using lease relations in industry. The enterprises of the Moscow area building industry were initiators in this matter. In 1986, 78 enterprises in the sector converted to collective contracting. At most of them the rates of economic growth rose and the economic situation improved. The collectives of some enterprises, however, mainly those operating at a loss and low-profit ones, were not satisfied with the results achieved and came forth with a suggestion—lease them all the fixed productive capital. Already, the early results of their work for a relatively short period (since the beginning of this year) showed that this form of relation is very effective: the losses were quickly overcome, and the enterprises began to obtain a profit.

For example, in February 1988, the Butovskiy Building Materials Combine concluded a lease agreement for a period of eight years with a higher organization—Glavmosoblstroyaterialy. According to the conditions of the contract, the combine ensures fulfillment of the state order and pays sums, fixed each year, from the gross income. Also subtracted from the income are funds for material expenditures, interest payments for loans and other payments to the bank. The remainder, in the form of cost accounting income, remains fully at the combine and is distributed at the discretion of the collective. These conditions have created a powerful incentive for

the output of above-plan production, utmost conservation of material and fuel-energy resources and an improvement in production organization. The combine, formerly operating at a loss (the yearly subsidy was 40-50,000 rubles), in the first six months completely fulfilled the plan for product supply and the growth of production volume, as compared with the corresponding period last year, was 36.3 percent, of labor productivity (with a stable number of personnel)—36.7 percent and the profit increased by a factor of 2.9.

On the basis of the Zagorskiy Fiber-Cement Sheet Plant, operating at a loss (the yearly subsidy was 200,000 rubles), the Berezka cooperative was organized. All the fixed capital from the former plant was leased to it. The cooperative will supply the output produced by state order (80 percent of the total volume) according to the orders of the main administration and state wholesale prices. The goods manufactured above the order are sold at the contractual prices, which can be, on the average, 30 percent higher than the state prices. The production of these goods is organized from the wastes which formerly went to the dump heap. The number of workers has been reduced by one-third, labor organization has improved, and measures have been implemented to improve wages.

The first months of work in the new way yielded a significant effect: from January to June 1988 the collective fulfilled the plan for product output by 124.9 percent, labor productivity rose by a factor of 1.7 and 120,000 rubles of profit were obtained, whereas a 16,000 ruble loss had been planned for the former plant.

The Mytishchi cost accounting section of the Mosoblremstroy Association converted to lease contracting on 1 May 1988. In the first month of work in the new way, the construction and installation volume, as compared with the previous May, rose by 10.7 percent, the number of personnel was reduced by 15, the output per worker rose by 30.2 and wages—by 30 percent. The basic indicator—sale of services—increased by a factor of 2.4.

Of course, these are preliminary results, and require additional analysis and correlation over a longer period. At a number of enterprises in the main administration using lease contracting, the indicators were lower. For example, at the Tuchkovskiy Reinforced Concrete Building Items Combine, the Orekhovo-Zuyevo Selindustriya Combine and others, the production volumes in the second quarter rose by 2-4 percent and labor productivity by 2-5 percent, with, it is true, the number of workers practically unchanged.

The main positive result, however, is the fact that the collectives are actively included in the search for improved forms and methods of cost accounting, make fuller use of physical and labor reserves and are becoming true masters of production. The initiative of the work collectives is expanding, and direct interest is being intensified in achieving the maximum result with the

minimum expenditures. There are more active solutions to problems of raising product quality, introducing technical and organizational innovations and resource conservation, and there is full realization of the idea of the complete economic responsibility of the work collective and of each of its members for the quality and results of their work, and, extremely important, a true basis for fighting for the consumer is being created. The use of lease contracting attests to the fact that in a short period, enterprises operating at a loss can become profitable and achieve a considerable rise in production efficiency.

In Moscow Oblast, a great deal of organizational and explanatory work is being done on broad dissemination of the work experience of labor collectives in various sectors of the economy under leasing conditions, both at the level of the enterprise and at the level of its structural subdivisions. At present, over 150 collectives in the oblast have concluded a leasing contract. Among them are collectives from industrial, public catering, trade, consumer cooperative, everyday service, urban management, public health, culture and sports enterprises. The methodological documents for transition to leasing have been made precise for each sector, and the necessary recommendations and standard provisions have been worked out. General methodological regulations have been drawn up for the lease of a state enterprise by a work collective, and have been approved by the Commission on Improving the Administration, Planning and Economic Mechanism. Oblast organs have been permitted, as an experimental procedure, to introduce lease relations in all sectors of the oblast's national economy. This year 425 enterprises and organizations are to be converted to leasing conditions, and in 1989—1729.

In using leasing relations, society establishes requirements for the level of efficiency in utilizing production funds and natural and work resources, which is the basis for determining the fixed amount of payments to the state budget and the higher organ. The remainder of the financial assets (except for interest on loans) remains at the disposal of the work collective, constitutes its cost accounting income and is used independently by the collective. In contrast to the second model of cost accounting, in which each type of withholding is formed according to the norm, leasing specifies a fixed payment, not dependent on the results of the enterprise work, throughout the entire period, determined by the contract between the enterprise, the lessee, and the higher organ. This considerably increases the economic responsibility of the work collective. In addition, the work collectives have considerably greater rights than the enterprise, as they work under conditions of full cost accounting and self-financing, in distributing the cost accounting income. This makes possible a more successful solution to both current and long-term production and social problems.

For example, at the Butovskiy Building Materials Combine, the soviet of the work collective resolved to release World War II participants from payments for housing

and income tax, and for work veterans—to reduce these payments. All workers going on regular holidays are paid a benefit for treatment amounting to 50 percent of their salary. It is planned to convert the entire collective to a 40-hour work week. The Berezka Cooperative, in conjunction with other enterprises, created the Zagorchanin Society, and plans to build 90 cottages for their workers. The cost of the cottages is 25,000 rubles, and half of it will be paid by the enterprise, on condition that those obtaining housing will work in the cooperative.

When the lease form of production organization is used, the full economic responsibility lies on the work collective, which is responsible for both fulfillment of the duties taken on and unprofitable work, and for adherence to the interests of the state, the work collective and its members and preserving socialist property. The work collective receives broad rights for the use of funds and establishing the number and selection of personnel. The role of the soviet for the work collective is considerably increased. It has the right to solve many problems of the production-social development of the collective, including the formation and utilization of funds for wages.

The enterprise can ensure a high wage level only if it fulfills all of society's requirements for efficient use of production and other resources and ensures outstripping growth of labor productivity as compared with the growth of the average wage. Therefore, one of the existing obstacles to increasing production efficiency is eliminated—the guaranteed wage, which does not depend on the results of production-economic activity. Since the lease payment is established as an absolute amount, there is a sharp rise in the effect of the material incentives for a considerable increase in product output.

The period of the agreement is very important under leasing conditions. A brief period restricts the possibility of solving long-term production-social problems and the accumulation of funds for this. The collective cannot display a feeling of ownership with respect to the means of production, and after all, it is precisely in instilling this feeling that the powerful aspect of lease contracting appears. Therefore, in agriculture and in industry it is obviously expedient to increase the lease period, in order to create interest not only in a cautious attitude toward the means of production, but also in consistent technical re-equipment and introduction of more advanced machines and mechanisms and new technological equipment.

The banks are beginning to play an active role in the work of the enterprises that have converted to lease contracting conditions: they not only support their origins financially, but also take on a share of responsibility and risk and become business partners. Bank representatives are included on the councils of the enterprise work collectives. Since mainly low-profit enterprises have converted to lease relations, the banks help them to set up economic affairs. They analyze the financial-economic state of the enterprise, keep track of the

current accounts, verify the solvency of the partners and force the debtors to pay off their debts. For these services, part of the income from the enterprise is transferred to the bank. The enterprises have interested their workers in depositing their personal funds in branches of Zhilsotsbank at a rate of 6 percent per annum. This makes it possible, not only to draw into national economic circulation additional funds that are temporarily free, to construct social-cultural projects, improve work conditions, etc., but also to raise considerably the workers' interest in increasing the end results of production-economic activity.

At the same time, in our opinion, it is inexpedient to place any limit (for example 6 percent) on the amount of income that can be obtained by a worker for acquired shares. The higher the production efficiency, the greater the rate will be. Any restrictions, both on the payment percentages and on the total sum of the acquired shares, will only diminish interest in the growth from the production results.

It is still too soon to speak of widescale distribution of lease contracting at industrial enterprises. This is mainly prevented by the fact that lease contracting is developing within an economic system that exists under different economic conditions and is quite rigidly regulated by various directives, premises, etc. Introducing lease contracting entails a break from established concepts of management methods and, of course, like anything new, encounters resistance on the part of those who are accustomed to the old, adjusted forms of work, to the stereotypes that have been formed. In particular, some of the engineering-technical personnel and employees at the enterprises have quite a reserved attitude toward it. One of the reasons is the fact that if it is used, as practical experience shows, approximately 20 percent of the total number of specialists and employees are released. In addition, the transition to lease contracting requires thorough analytical study and sharply increases the responsibility of the engineering-technical personnel and employees for production organization. At the same time, certain leveling trends in their wages are sometimes retained and there is a restriction in the possible earnings, and this does not contribute to intensifying their material interest in seeking more effective forms of production organization.

There is one more important aspect of this question. Cooperation in any contracting cannot be effectively developed without a market for the goods and services, the prices for which should be established in relation to their quality, as well as to the correlation of supply and demand. At the same time, the prices for goods and services have not yet been put in order, which greatly restricts the possibility of normal function for cooperation, lease and family contracting. After all, these prices are understated, so that a good worker or enterprise cannot obtain a profit and pay back its expenditures, and their interest in work drops. If the prices are overstated, a poor producer obtains profit that he did not earn.

These conditions are incompatible with cost accounting, and under them, neither lease (family) contracting nor cooperation can be effectively developed.

Material-technical supply is of key significance for the development of lease enterprises and production cooperatives. Provision for these enterprises should be implemented through wholesale trade based on direct unlimited orders to the manufacturing enterprises of the equipment system and upon agreements with the territorial organs. Only the first steps have been taken in this direction, and the procedure for limited supply is still in operation for leasing and cooperatives. This naturally fails to ensure genuine independence for the work collectives or widescale introduction of new forms of labor organization. The situation is exacerbated by the fact that for small enterprises there is practically no complete mechanization of production processes.

However, despite all the difficulties in introducing lease relations, practical experience affirms their effectiveness. There is every basis for supposing that the spread of lease contracting and cooperative forms of production organization in the main unit of industry will accelerate the solution to the problem of unprofitable enterprises, and that at the same time, there will cease to be a redistribution of the funds of collectives who do good work, in favor of those who are economically weak, that they will stop being dependent and as a result the basic obstacles to their development, full cost accounting and self-financing will be eliminated.

As contracting develops, new aspects of its use will inevitably be revealed. Therefore, it would be expedient to have a broader organization of correlating experience and making an economic analysis of this form of cost accounting. This will make it possible to determine the optimal boundaries for distribution of lease forms through the sectors of industry and the national economy, the length of the contractual periods, the actual relation of such concepts as lessee and owner and the most expedient forms of partnership relations with the banks, drawing in the personal funds of the workers to solve production and social problems, etc. Only after this will it be possible to work out recommendations for widescale use of lease relations in economic practice, in order to eliminate all the obstacles in introducing them.

Lease relations should be the subject of a thorough scientific analysis by economists, and especially by political economists. Already it can be said that this is not simply one of the forms of organizing cost accounting, but an important direction in socialist production relations as a whole. The practical experience accumulated in lease relations must be more thoroughly analyzed from the theoretical standpoint, and this requires the active participation of academic, sectorial and VUZ science.

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## Stakhanov's Work Record Reconsidered

### Doubts Expressed

18280018 Moscow KOMSOMOLSKAYA PRAVDA in Russian 15 Oct 88 p 2

[Letter from B. Federov, engineer on scientific organization of labor: "A Letter to the Editor"]

[Text] There are subjects that are like a thorn in the heart. I should like to "pull it out," but I am afraid. What if things suddenly become worse?

This "thorn" was for me the record of Aleksey Stakhanov, about which PRAVDA wrote on 2 September 1935.

Long ago I noticed "blank spots"—even as far back as when, in the beginning of the 1970's, I worked as a lathe turner, and then became one of the initiators of creating all-round, quality brigades with contracting elements. This initiative partly followed the Stakhanov tradition, and partially pushed it aside. I later succeeded in working as an engineer-technologist in all-round brigades, and was even more convinced of my doubts.

Now I have made up my mind to publish them. After all, Stakhanov's record has become the symbol of everything heroic and progressive for the working class and the peasantry. To encroach on a symbol, though—you understand....

It was not for nothing that in Item 10 of the decree of the party committee for the Tsentralnaya-Irmino Mine was written: "The plenum of the mine's party committee deems it necessary to indicate in advance and notify everyone who attempts to slander Comrade Stakhanov and his record as a random one, a fabrication, etc., that the party committee will regard them as the most evil enemies, coming out against the best people of the mine and our country, devoting everything to fulfill the directives of our party on full utilization of equipment."

This means that in Stakhanov's record there was something that could arouse these suspicions. The party committee showed foresight. The doubt became greater. In the memoirs of the party organization written by K.G. Petrov, I read: "International Youth Day was approaching, which at that time was celebrated on 1 September. I, as a komсомol member of 20 years, got the idea of marking it with the great production record of one of the miners. The choice fell on Aleksey Stakhanov."

It turns out that there was an element of random choice. They made one selection. There could have been another.

Then I made an assumption. If the records were established almost by order, the matter lay not with the workers establishing them, but in the norm-setting for the work.

This assumption, however, close to me as the well-known piece-worker, which is worth even double over-fulfillment of the substantiated norm, was refuted by a fact in the memoirs of K.G. Petrov: "They decided this way: he (i.e., Aleksey Stakhanov—B.F.) would work only with a coal hammer, but two people would go along behind him, to secure the face."

This, it would appear, is the point, I thought. The "secret" of the record is not in lowered norms, but in the addition. Stakhanov established the record, not alone, but with two helpers. Without them, nothing would have worked out. Then, however, the combined output would have been divided between three miners. Only one of them was recorded, however....

The unlucky question that has not given me peace for many years: was there a record? If you close your eyes at two helpers, there was. But if you open them? There about five norms for a member of a unit. This, by the standards of the 1930's, is not many. As far back as 1932, Nikita Izotov regularly, without assistants, gave four norms.

It was a record! Not so significant, however, as was given out by the party committee. There was enough to report about them in a factory newspaper....

Let us be consistent, however. If one goes by the norms, the break away from the records of Nikita Izotov is insignificant. If one goes by nature, by coal, the collective record can be regarded differently. In 1932 there were different norms in coal extracting than there were three years later. By fulfilling, by himself, the norm by 400 percent, Nikita Izotov at that time extracted 20 tons of coal, and there were 34 for each member of the Stakhanov unit. Any piece-worker, who deals with real norms, after comparing these figures, will take his hat off to Stakhanov and his comrades. There is something else, however....

If there had been no publication of Stakhanov's sensational record, no movement would have appeared. The sensational report in the press startled and egged on thousands of workers. Blacksmith A. Busygin began to forge parts more quickly, machinist P. Krivonos—to run trains, metallurgist M. Mazay—to weld steel, bootmaker N. Smetanin—to sew boots and weavers Yevdokiya and Mariya Vinogradov began to run through a shop serving 100 and then 284 machines.

The sensation gave a powerful impetus to productivity!

When I confirmed this idea and rejected "exposing" Stakhanov's record, I understood that something important had been omitted in my analysis.

Quality. In this respect, the Stakhanov movement of the 1930's was a real bouquet of shortcomings. Some of them have been retained even to this day.

The pursuit after records, spurred on by the "center", was a blow to quality, and increased injuries and accidents. Who was to blame? The Stakhanovites were above suspicion. This idea was not permitted, on principle. This means that the guilty parties had to be sought in the terrorist-diversion centers abroad and their affiliates within the country. On this soil, as I imagine, also began the "witch-hunt", that is, the hunt for "enemies," which reached its apogee in 1937-1938.

I emphasize a point which may appear unlikely. Neither Stakhanov himself or his comrades, following his example, took part in the "trouble" stirred up in the other sectors of the national economy after the report of his record was published. This is simply because they were not implicated. Formerly the miners had worked as "farmsteaders", "natural farmers," who chiseled out the coal and secured the faces themselves. Stakhanov and his comrades were the first to use the collective organization, with division of labor. This organization of labor (today it is called all-round) took on the job of arming other miners as well. This called up a whole avalanche of records, unaccompanied, so to speak, by a reduction in quality.

In other sectors with this shift from individual to collective, all-round organization, this did not take place. The people were disoriented by the press reports of the sensational record, presented as the triumph of a lone man! This was one-sided information, which lost the essence, and affected the policy. Stress was laid, not on introducing all-round collective organization of labor, but on giving incentive for individual achievements within the "farmstead" framework.

The question arises here of historical justice. The record was the achievement of three miners. Only one, however, is widely known—Stakhanov. Who are the two left behind by this close-up of history? What kind of people are they? What was their subsequent fate? The memoirs of K.G. Petrov give their family names, Borisenko and Shchigolev.

All three were heroes, but officially only one became so—Aleksey Stakhanov. This, from my point of view, is incorrect. It is unfair with respect to his comrades. The city of Stakhanov has a monument to Stakhanov. In historical fairness, another one or two monuments should be installed, where comrades Borisenko and Shchigolev would be alongside Stakhanov.

### Performance Defended

18280018 Moscow KOMSOMOLSKAYA PRAVDA in  
Russian 15 Oct 88 p 2

[Article by Pavel Voshchanov, economic columnist for KOMSOMOLSKAYA PRAVDA: "The Comments of a Columnist"]

[Text] Was there in Stakhanov's record, as B. Federov states, an element of chance? I doubt it. In economics, such "chances" are always in conformity with principle,



for they reflect the needs of the economic policy itself.... Let us leaf backward through the calendar for memorable dates in 1935—back to the day of Stakhanov's record. August, July, June, May.... Stop! Stalin's speech before the graduates of the military academies. What did he say to the Red Army commanders? He said that for the country to fulfill the grandiose plans of industrialization, each one should do shock work—the personnel would decide everything! There was also a more specific directive: "If our first-class plants and factories, our kolkhozes and sovkhozes, our transport and our Red Army have enough personnel capable of getting a grip on this equipment, our country would obtain the effect of three and four more than it has now...." This means that the key to the "great leap forward" lies in shock work! Is this a random thesis?

Let us recall the extremely complex economic situation of those months. Forceable collectivization was engendered by the tremendous famine of 1932-1933, which took several million lives. In 1933 the economic system sprang a new "surprise"—the rates of industrial growth had unexpectedly dropped by a factor of four—from 20 to 5 percent. Even though the following year they succeeded in leveling off the population (again by putting pressure on the country), the same thing could not be repeated. The gigantic funds, benumbed in the widescale construction, gave no perceptible return. The unsatisfied consumer demand increased swiftly, the commodity market was impoverished, the wholesale and retail prices, despite the threat of punishment made by the directors of the narkomat and the enterprises, kept on rising. Under these conditions, the workers' interest in highly productive labor dropped.

Extreme measures were necessary. But which ones? Go back to the NEP principles? Regenerate cooperation in the city and the rural areas? The administrative system created by this time, however, was already incompatible with this economic system. Other solutions were more to its liking, for example, finding an extra-economic method of raising workers to shock work; therefore, to write off the failures in the national economy due to unwillingness and lack of skill at organizing work in the provinces, and at the same time, due to the "enemies" of industrialization. The idea of work records literally hovered in the air that Stalin's leaders breathed in this period.

As a matter of fact, Stalin already had experience in "retouching" economic problems through work enthusiasm. A tense economic situation had also formed in the country in 1929. Stalin's methods of forced industrialization through ravaging the agrarian sector led to the grain procurement crisis. Over 128 million poods of grain were not received. The actual threat of hunger arose in the cities. It was necessary to take an extreme measure—to introduce ration cards for practically all food items. N. Bukharin, A. Rykov and their adherents persistently called for balancing the economic system, returning to real cost accounting at the enterprises and

strengthening the peasants' economy. Stalin, however, was even then giving birth to the idea of the "big leap forward". There was no little political calculation in this, and with its help, the public opinion was formed: the Bukharin opposition—"the capitulators"—did not want to overcome the centuries of lagging behind in the nation! Their concern was the kulak, for whose maintenance they stood. How can an unrestrained rush in the economic system be ensured and, the main thing, can it be preserved long enough? One thing could be seen—use the enthusiasm and self-sacrifice of the working class, and its readiness for self-limitation for the sake of the triumph of high revolutionary ideas.

I think that it was not by chance that precisely in January 1929, that the article by V.I. Lenin, "How Can Competition Be Organized," first saw the light of day. After all, it had been lying in a party archive for almost 12 years, practically unknown to the communists and the people. In 1935, Stalin, calling the workers to labor victory, could not help but remember that six years earlier Lenin's words had literally stirred up the nation.

So, was Aleksey Stakhanov's record a random one? No, it should, was obliged to take place. At this mine, not at another. Or in general, not in the coal sector. It is just that in that case, the movement of the innovators would have borne on its flag quite a different name.... Knowing how sharply bureaucracy reacted to the large and small desires of the "great organizer of the socialist victories of the working class," one can fully assume: after his speech in May 1935, the system actively sought a hero. Or heroes. I would not be surprised if someday we should learn that Stakhanov's candidature was first agreed upon by various authorities, who painstakingly studied his biographical data and established his ties with his father and mother. He himself writes in his memoirs that on the eve of the record the mine party committee spoke with him several times. Today this seems, to put it mildly, strange—after all, Stakhanov was not trained for the narkom chair!—but in those years a "mistake" in selecting a hero could cost many people dearly—and incidentally, the hero himself.

For thirty years a unique "cult" approach was asserted in public life, not only at the higher stages of authority. Everywhere, at all levels—from the worker to the narkom—"little leaders" were planted—leaders with indisputable authority. It is not surprising that, no sooner had Aleksey Stakhanov established his famous record, than the ideology of Stalinism began to raise him "onto a pedestal." The simple worker and much-extolled record-maker began to live a seemingly separate life. This, I think, constituted the personal drama of this man, who at a certain time in his life became known throughout the world, and was then practically forgotten, and remembered only as "a landmark on the path to great achievements." When in 1970, among the generous awards for the depression times, he was awarded the title of Hero of Socialist Labor, many people were surprised: just think, Stakhanov, it seems, is still alive!



In the prewar years his name was exploited to the maximum. Not two months had passed since the record, and how many publishing houses in the country issued tremendous numbers of copies of Stakhanov's autobiographical account, "My Method." Then, over his signature, one after the other appeared a whole series of propagandistic brochures: "A year in the Native Land of the Stakhanov Movement," "A Story About Myself," "The Story of My Life".... How many books were written about him in the prewar years! How many historians, economists and philosophers, explaining the "essence" and greatness of Stakhanov's record and movement made their own scientific career! On reading the letter from B. Federov, I went to the State Library imeni V.I. Lenin. After a day of work with the catalog of doctoral and candidatorial dissertations, I counted over 50 works with Stakhanov's name figuring in the title. These were in general scientific, or quasi-scientific, and the pseudo-scientific rubbish of this time was so tremendous that it proved beyond my strength to "dig it all up." Therefore, I shall not undertake the task of naming the decisive number of interpreters and chroniclers, but I can state: it is also close to a record!

The Stakhanov achievement lasted only three days. By 3 September he had been surpassed by pick miner Syukhanov (115 tons per shift), on 4 September—Terekhin (119 tons), on 5 September—Kontseladov (125 tons), on 11 September—Izotov (240 tons), and on 13 September—Artyukhov (311 tons). An "avalanche" of records! Could you manage here without help, without the striving of the ardent apparatchiki [member of party, government machine] to "even out" the pendulum of production records? Moscow pensioner S.I. Lisin, who, before the war worked for about ten years at the Donbass mines, recalls that not a day passed without the threatening reminder from above: how many ensured being Stakhanovites today? By how much have you exceeded the shift assignments? In one of the issues of the newspaper ZA INDUSTRIALIZATSIYU, I found this expression by a

party worker: "Each sector, each enterprise should have its own founder of a Stakhanov movement!" Pay attention: it is your duty! But after all, a record is not simply shock work, it is another upsurge, an inspiration! Can an order from above, a bureaucratic order, "ensure" inspiration? A healthy idea suggests itself—it is useless. Everyday experience here attests to the reverse, however. Indeed, in those years a lack of control might be permitted in such an important matter. In digging through the archives, I find confirmation of this: the typed sheets, yellowed with time, give answer to the number of workers drawn into the Stakhanov movement. In the upper right corner is underlined: submitted every ten years.

I by no means intend to present Stakhanov's record only as the outcome of Stalin's methods of directing the economic system. I have no doubt that it was one of the greatest achievements of the working man—perhaps, in the entire history of our economic system. To extract 102 tons of coal in one shift, when at many mines the average daily extraction scarcely approached a dozen tons a person, is no joking matter. Even the two helpers do not diminish what was done. Stakhanov was and remains an outstanding figure in our history.

What conclusion should be drawn from all that has been said? It is not easy to formulate, how difficult it is to separate the two characteristic features of the prewar five-year plans: work enthusiasm, without which it would be impossible in such short periods to create the nation's industrial potential, and the affirmation of Stalin's self-authority, with its administrative-punitive system, corrupting many destinies. It is a historical paradox that the work records and political speculations in their lifetime were tied into one tight knot. It is difficult to disentangle it, without causing someone pain. Must it be? I think it must. Without this, it is impossible to answer the question: what is it in past experience that makes us take on tomorrow?

## **AUTOMATION, AUTOMATED SYSTEMS**

### **Geometry-Based Programming for Machine Tools Developed**

*18230027 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 7 Dec 88 p 2*

[Article by D. Murzin: "What Geometry Resolves"]

[Text] The international exhibit "Flexible Automation 88" ended several days ago in Moscow. A new development from ENIMS [Experimental Scientific-Research Institute of Metal-Cutting Tools] enjoyed great success at the exhibit. It is an automated system for preparing

control programs for numerically controlled tools of the lathe-boring-milling-drilling and electroerosion groups.

The new system belongs to the geometry-technological class. This means that it does not operate by algebraic formulas but with such concepts as point, segment, arc, precisely targeted curves, and Archimedean spirals. Namely such an approach guarantees a whole number of important advantages. The speed of receiving a program increases from twofold to tenfold. It is possible to input any reference text into the machine in a maximum of 15 minutes. This relieves one of the need to "fight" with the machine for a long time, or to teach it one or another language, as usually happens. The system is not limited and can develop programs for production of any parts with plane geometry, and by itself with the help of tests teaches the operator how to work with it.

## CIVIL AVIATION

### **Aeroflot Services to National Economy Noted** *18290034 Moscow VOZDUSHNYY TRANSPORT in Russian 29 Oct 88 p 3*

[Article: "On Points of Efficiency; From the Collegium of the Ministry of Civil Aviation"]

[Text] Each new day imposes increasingly high demands on Aeroflot operations and, of course, for a sphere of it, such as the use of aviation in the national economy.

Quality and efficiency.... These words probably express the mood of the collegium of the Ministry of Civil Aviation, which was held on 26 October on the problem: "The State and Measures for Improvement of Air Service for the Sectors of the National Economy."

It was noted that air operations in the sectors of the national economy occupy an important place in the work of Aeroflot. In 1987 the revenues from PANKh [not further identified] constituted 1.6 billion rubles, or 22 percent of the total income from the sector. The requests from customers for air service are basically fully satisfied today, with the exception of individual types of air operations, for which the air equipment necessary is lacking.

With the transition to the new conditions of economic management, aviation enterprises received broad rights in questions of drawing up a plan, concluding contracts and determining the mutual responsibility with purchasers for nonfulfillment of the obligations taken on.

Beginning on 1 January 1988, new rates were introduced for aviation-chemical operations, which made it possible to make this type of work profitable for the first time in the last 20 years. While in 1987 the losses from aviation-chemical operations were 116 million rubles, in six months of 1988, 12.6 million rubles of profit were obtained. The profitability of aviation-chemical operations was 10 percent.

New forms and technologies for using airplanes and helicopters in agriculture and forestry, in power construction, in taking valuable types of wood from mountain slopes, for gravimetric surveying and other purposes continue to be introduced. In 1987-1988, new types of helicopters were developed, the Mi-26 in the Tyumen and Komi, and the Ka-32—in the Leningrad, Northern Caucasus and Far Eastern administrations.

In the first six months of 1988 a profit of 240.9 million rubles was obtained, as compared with the corresponding period in 1987, the profit increased by 99 million rubles, or by 70 percent.

At the same time, further development in aviation operations in the national economy is held back for a number of reasons.

The conversion of the enterprises to the new conditions of management revealed a definite lack of readiness for the transition to commercial methods of buyer relations, as well as those between the aviation enterprises, in maneuvering with aircraft. The work of the aviation enterprises is not supported by a corresponding normative base or by scientifically substantiated recommendations for lease and contracting forms of production organization and relations with the buyers.

The maneuvering, according to the plan of the Ministry of Civil Aviation, of the airplane-helicopter park is encountering various difficulties, since no procedure has been worked out for reciprocal accounts among the aviation enterprises for services rendered during the fulfillment of air operations on the territory of a different aviation enterprise.

At a number of administrations, the introduction of new rates for aviation-chemical work has not been accompanied by the necessary organized work with management, which has entailed a certain rejection of air services. The anticipated effect on interrelations with the purchasers and permission for aviation enterprises to use the rates agreed upon has not appeared, since it was not supported by methodological directives on establishing the level and application of these rates.

The distribution of aviation equipment that has formed at this time throughout the regions of the country does not fully correspond to the needs of the sectors of the national economy. For example, in 1989, the work volumes for Mi-8 helicopters for such administrations as UGATs, the Armenian, Georgian, Uzbek, Northern Caucasus and others has not been ensured.

Further expansion of the volumes and types of aviation use is being held back due to the constant transfers and inconsistent periods for air equipment to arrive at the aviation enterprises. At present, the park being used is made up of aircraft and helicopters produced in the 1960's. The periods for developing new equipment have dragged out to 15 years.

Since the Yak-12 and Il-14 airplanes and the Mi-1 and Mi-4 helicopters ceased operation, no appropriate replacements have appeared, and the aviation enterprises have been forced to cover the volume of air operations formerly performed by these types with heavier airplanes and helicopters.

There has been an impermissible delay in developing aircraft for work in the Arctic and Antarctic and for performance of surveying flights, air-extinguishing of forest fires and airborne ambulance operations.

In the last two years, there have been no major changes increasing the technical equipment of agricultural aviation. The "Plan for Measures to Increase the Efficiency of Existing and Accelerate the Introduction of New Agricultural Aviation Machines, Apparatus, Equipment

and Means of Objective Control," adopted by the USSR Ministry of Civil Aviation, USSR Gosagroprom, the USSR Ministry of Aviation Industry and the USSR Ministry of the Radio Industry in 1987 is practically unfulfilled. Work on the An-3 aircraft has been stopped and the periods for presenting the Ka-126 helicopter for testing have not been maintained. The many years of development of a suspended apparatus for the Mi-8 helicopter, on which almost 700,000 rubles were spent, was stopped at the testing stage. Operating experiments were upset because of industry's failure to deliver, in 1988, an experimental series of OM-2 rotating sprayers for the AN-2 aircraft. On a number of other points, the plan was either unfulfilled or the expected results were not obtained.

The Collegium of the Ministry of Civil Aviation has adopted a detailed resolution on service problems, with particular attention paid to the problem of employment for the aviators.

#### **Uzbek Aviation Problems Aired**

18290019a Tashkent PRAVDA VOSTOKA in Russian  
21 Sep 88 p 3

[Article by G. Rafikov, chief of the Uzbek Civil Aviation Administration: "Why Is Flying So Difficult?"]

[Text] The article "How Do You Buy a Ticket?", which was published on 8 September of this year, and was written by B. Besedina, a director of one of the Tashkent Airport services, brought forth a considerable number of readers' responses. So SredazNIPIneft [Central Asian Scientific Research and Planning Institute of Petroleum] coworkers Z. Livitin and A. Grinenko, Tashkent resident V. Sheyanov and resident Fergany N. Yakshin and others support the author's suggestions for improving passenger care.

Meanwhile, some of the letters contain a great many questions. The readers were not satisfied with the specialist's explanations, and feel that the reasons for the scarcity of airplane tickets have been far from fully uncovered. Here is a typical view, from V. Fedulov, a scientific worker:

"There is no argument that we must struggle against the sharp dealers who speculate in airline tickets," he writes. "But it is difficult to believe that they are the sole cause of the chronic shortage of plane seats on all the routes."

"This wasn't the first ticket-selling scandal I have heard about; when will something be done about it?" writes G. Kolotiyev, another reader.

The following article, to which we direct your attention, was written to answer these and a number of other questions.

We Aeroflot workers are frequently asked this question, ["Why is Flying So Difficult?"] especially during the vacation season. If you listen between the lines, you also hear doubts: they are saying that the air crew members are probably wreaking havoc with all the plans. I should mention that our enterprises are meeting their assigned quotas. In 7 months, over 3,100,000 passengers have departed from our republic's airports, and this includes over 2 million passengers from Tashkent.

If these figures are compared with the control figures, as has recently become common practice, then it turns out that we have transported 130,000 people above the quota. It is not as though there were any cause for alarm.

However, this approach is unacceptable today. In order to assess the situation, we need to start from the only reliable criterion—are we doing enough to satisfy the demand of the population? Having asked the question in this way, we have to admit frankly that we are not meeting the population's needs, either in the volume or quality of passenger traffic. It is no accident that we have recently been the target of a great deal of censure, including in the press.

What exactly is hindering growth in our air traffic and what is keeping us from improving the caliber of our passenger services? We all know that during the summer, almost one out of three passengers in Uzbekistan refuses to travel by air. (In the country on the average, one out of every six people refuses to fly). The solution would seem to be simple: increase the number of routes.

But therein lies the problem: we cannot make the necessary leap. The primary obstacle here is that we have limited funds for fuel. Our fuel allocation ceilings have not increased since 1985, and have in fact been reduced. And the number of passengers we have carried has correspondingly diminished. The most perceptible reduction has been at our peripheral airports. Unfortunately, there are no plans for increasing fuel deliveries in 1989. This is why we are presently trying to come up with some way to cover this shortage.

One of the primary directions here is to economize on fuel. We do have resources for doing so. Where possible, we are straightening routes, working out optimal flight routes and changing our landing approach methods. We are even saving fuel by towing our airplanes with tow trucks. This year we have already saved roughly 1,500 t of fuel, which has allowed us to add flights to Moscow, Leningrad, Sochi, Simferopol and Anapa.

During the years of stagnation, our republic's aircrews accumulated a great many problems. Nowadays we are aware of these problems, and are working on solving them. But the burden of yesterday's miscalculations still is still hindering a rapid improvement of our situation.

We are going to have to admit that we have too few planes and that we are not making the best use of those we have. Right now we have one Il-86, one Il-62 and three Tu-154 aircraft standing idle without engines, which must be shipped to us by the Ministry of the Aviation Industry. We don't even have enough Tu-154's to make our regularly scheduled flights. We have had to replace them with Il-62's, which use more fuel. Instead of the An-24, which used to go in for major overhauls at civil aviation plants, we have had to use Yak-40's. Not only do they use twice as much fuel as the An-24's, but they carry far fewer passengers. The regularity of our flight schedule is suffering as a result of inoperable aircraft and this, understandably, makes itself felt in the quality of the service provided to our passengers.

The regularity of our flights also depends on all the flight support services interacting efficiently. Were it not for these services, we would have malfunctions forcing passengers to deplane after already having been seated. Such things are taken very badly.

In order to accelerate plane preparation, we have decided to institute the "Search" system, which is capable of promptly eliminating malfunctions. Steps aimed at providing moral and material incentives are being worked up to increase the level of responsibility and motivation of our employees toward ensuring regular flights.

I would like to say something at this time about empty seats. Passengers become justifiably upset when they have a lot of trouble obtaining a ticket and see unoccupied seats on the plane. For the most part, we are failing to fill seats immediately prior to takeoff, right in the airport. Our readers are probably unaware that there are always some passengers missing who have already purchased tickets. Every day, 200-250 passengers are late for flights, or miss them entirely. Aeroflot employees find out about this only when registration has been completed. And here, alas, is where the awkwardness of our system is most evident.

Of course, there is very little extra time before departures (20 minutes for local flights and 40 minutes for central flights). But there is something that can be done. No process for prior seating of passengers has been worked out prior to now. But we recently began moving our ticket counters closer to the registration points, and have begun providing our employees with material incentives.

There is another aspect of the problem which I should mention. The allowable flying weight of practically all our aircraft is limited when the temperature is higher than 30 degrees and the aircraft are flying to the limits of their range. This is important for reasons of flight safety. In these conditions, we are not allowed to take on passengers equal to the number of available seats. For

example, on an Il-86 flight to Leningrad with no intermediate stops, the load is reduced by 50-70 passengers. In other words, empty seats do not always mean that Aeroflot has done an incomplete job.

I have not mentioned this to make the problem seem less acute than it actually is, but rather to clear it up from all sides. In part, I feel that the system for making and cancelling reservations should be improved, and that there should be greater control over the use of permanent reservations, where there are also serious flaws.

Unfortunately, to our existing difficulties we must add our employees' attempts to elicit bribes, their crudeness and their callousness. This, too, needs to be admitted. For the sake of objectivity, I will say that it is not only the passengers who are exasperated by these abnormal events, but most of the aircrew members themselves—the flyers, engineers, technicians and ground service employees.

There are presently a great many Aeroflot ticket office employees and flight service route acquisition personnel (let me emphasize that I am not referring to everyone here), who have their mercenary interests and the craving for easy money in common. They are also trying to "freeze" the number of seats and want to have tickets purchased prior to flights and then sold back.

It would seem to me that since we know the methods used by those who violate our regulations, then it would be simple to keep them from committing these abuses. However, our efforts to expose them have thus far been of little effect. It takes two weeks to check just one Il-86 flight and find the real reason for the unoccupied seats, and there are over 200 flights per day.

But we are not sitting on our hands. This year, dozens of cases of various infractions were discovered, with more than 60 people brought in for disciplinary and material liability, and three TsAVS [Central Airlines Agency] employees were dismissed for "freezing" seating.

It is not easy to establish cases of ticket agents extorting money or of overpayments being made to middlemen. What is needed here is the help of those who have been victimized. Complaints about such incidents are often similar. This is why, when passengers report such extraordinary events, it is desirable that they indicate which flight they were overcharged for and at which ticket office.

Many of the existing flaws are the result of direct oversights in estimating the anticipated situation during the "peak" period and correspondingly, of airports making incorrect preparations, and here, we refer particularly to the Central Airlines Agency and the Tashkent Airport. In particular, no consideration was given to the possible consequences of the new regulations introduced by the Ministry of Civil Aviation for selling tickets good

for 30 days with no presentation of identification documents. And this has led to a two-fold increase in repaid air travel fares. On some "scarce" flights, about 30 percent of the tickets sold have been duplicates, which has increased the workload on our ticket agents.

Or another situation. The number of ticket sales points were increased in order to improve passenger services. There are presently 110 ticket offices in operation in Tashkent and the Tashkent Oblast alone. They can sell up to 23-25,000 tickets per shift. And this when there are only a little over 13,000 people flying out daily from the Tashkent Airport.

But this ill-planned measure has had little effect. The increased number of ticket agents (and each of them is inquiring about a job in the Central Airlines Agency), does not correspond to the negligible traffic capacity of the central agency's air technical service. Communications with the manpower acquisition group turned out to be blocked. The passengers probably saw how it sometimes took the cashier more than 10-15 minutes to get in touch with the dispatcher. In a word, the "traffic jam" had simply moved elsewhere.

What awaits our passengers in the future? Fundamental changes will come about when the Sirena-2 automated ticket selling system goes into operation. The equipment is already being installed within the TsAVS. We are considering curtailing the number of local flights and using the fuel thus liberated to increase long-distance flights on Il-86, Il-62 and Tu-154 aircraft.

We do not anticipate having large aircraft standing idle because of a lack of engines. After major overhauls, eight more economical An-24 aircraft will go back into operation. They will be until the Il-114 aircraft go into operation on local air routes in 1993.

Uzbekistan's aircrew members changed over to new methods of economic operation this year. Up to now, cost-accounting principles have been introduced slowly in the lower links. This is why our primary thrust is directed at introducing new methods of economic management from top to bottom, a new administrative organizational structure, at expanding the self-administration of our collectives, and at increasing collective responsibility. It appears that this policy will help us improve the quality of our services to the population more quickly.

**Aviation Equipment Plant Preparations Noted**  
*18290019b Tashkent PRAVDA VOSTOKA in Russian*  
*10 Sep 88 p 1*

[Article by UzTAG (Uzbek News Agency) correspondent, under "Issue Report" rubric: "Khorezm's Workers—to the Country's Aviators"]

[Text] It is now possible to talk about the appearance of a new industrial sector in the Khorezm Oblast—aviation.

**Our UzTAG correspondent reports from a fraternal affiliate of the Kuybyshev Airport Equipment Plant.**

The site of the enterprise is in the hydraulic engineers' city of Tuyamuyuna-Druzhba. The enterprise is already sending its output to its customers. However, construction of the plant is continuing. Hundreds of local residents have already mastered trades which are new to Khorezm. But so far only one-fourth of the planned number of personnel are at work. Work-force training is under way.

At the same time, three production buildings, a motor pool, a fire station and other employees' and auxiliary facilities are being erected on an area of over 30 hectares.

The project is being put into operation in two phases. The first will go into operation by the end of the five-year plan period. The estimate also calls for a settlement to be erected for 12,000 aircraft builders.

The Tuyamuyungidrostroy [Tuyamuyun Main Hydraulic Engineering] Administration, which is in charge of operations here, has been charged with completing them by the end of the next five-year plan period. According to economists' predictions, the plant will recoup its cost in one year, since it will be manufacturing airport equipment which is used to inspect airplanes and helicopters, and which costs tens of millions of rubles.

It is assumed that the enterprise will be equipped with the most up-to-date equipment. Machine tools with numerical program control are being set up in the shops. The highly-skilled specialists who will be servicing the machine tools have already been taken care of. A group of local young men and women are being trained at the airports in Kuybyshev, Tashkent and other cities in the country are being trained. Another group of gifted children, who have decided to devote themselves to this new line of work, are preparing to be sent off for training.

As R. Mavlyanov, director of the plant now being built tells us, "We are placing particular emphasis on training the work-force. First of all, we need young people with an excellent mastery of the Russian language. At our request, local schools have begun giving more attention to this subject. There are a great many people who want to work in our shops. In time, we plan to open vocational-technical schools specially for them.

"But," continued the director, "the rate of progress of the construction work is causing us some concern. Even though everything so far is going according to schedule. We have already turned over the first projects, which include an apartment block and a 100-bed dormitory facility, where our construction workers have already been housed. We plan to put a mobile power unit with a boiler house, pumping, compressor and water purification plants and an electrical substation into operation before the end of the year. Will we get it all done in time?"

The Saparbaya Masharipova Komsomol League of Youth Brigade is doing shock work to get these facilities and the first production building erected. The brigade is honorably carrying on the tradition of the citizens of Tuyamuyun by overfulfilling the monthly quotas with high-quality work. All the conditions necessary for highly-productive work will be created for the new plant's collective. Engineers from Moscow have worked up a plan for the plant which takes local climatic conditions into account. They have proposed an original design for the roof of the buildings. The glass and aluminum roof is structured so that the burning rays of the sun falling on the work-places are reduced to a minimum. Industrial air-conditioners maintain the necessary temperature during the summer heat.

### **Tupolev Interview on New TU-204 Passenger Airplane**

18290037 Moscow PRAVDA in Russian 17 Oct 88 p 3

[Interview with A.A. Tupolev, chief designer, by Yu. Kazmin, PRAVDA correspondent: "The Most Necessary 'TU'"; first paragraph is PRAVDA introduction]

[Text] The collective of the Experimental Design Bureau imeni A.N. Tupolev has developed a new jet passenger plane, the TU-204, which, in the opinion of aircraft builders, will become the most economical machine of its class in the country. We are publishing a conversation on the new airplane with A.A. Tupolev, general designer, conducted by a PRAVDA correspondent.

[Kazmin] Aleksey Andreyevich, the birth of a passenger plane at your design bureau is always an event. We remember that the TU-104 was the first jet passenger plane in the world. It made it possible to emerge to a level of operation new in principle and to solve, for the first time in our country, problems of mass transport for the population. The TU-154M is today the most economical airplane in Aeroflot. Its fuel consumption is almost 20 percent less than that of other planes. Planes with the "TU" emblem transport up to 65 percent of the passengers. What does the new liner represent?

[Tupolev] It is always dangerous to rest on one's laurels, and particularly for us, the creators of new equipment. In creative cooperation with the scientific research institutes of TsAGI [Central Aerohydrodynamic Institute], TsIAM [Central Scientific Research Institute of Aviation Engine Building], VIAM [All-Union Scientific Research Institute of Aviation Materials] and others, we have done a great deal recently to improve the aerodynamics and to create materials and technology, engines, and also electronic devices. But it is clear that only major work will make it possible to carry out a serious break-through in the development of airplane building. It is this sort of work that made it possible to design the TU-204 at a high scientific level. This plane is designed for air transport on a route up to 3500-4500 kilometers long, and is calculated for 214 passengers.

In creating the new aircraft we tried above all to give it high air-technical characteristics, and to make it reliable and safe under conditions of intensive operation. It consumes considerably less fuel and has low operating costs. We can say that in the new plane the passenger will be provided with greater comfort and the aviation enterprises will obtain twice the fuel economy as compared with the average consumption in Aeroflot. There is another important feature: the TU-204 makes less noise.

Of course, one look is worth 1000 words, but we cannot yet invite the PRAVDA readers onto the plane, and therefore, we will have to manage with the verbal account and photographs. The efficient layout of the passenger cabin has made it possible to arrange the passengers more conveniently. The new seats installed in it are more spacious. The center aisle is noticeably wider, and the luggage racks are twice as large. Hand luggage can now be placed under the seat or located forward. The air conditioning is distributed more efficiently. Oxygen supply is fed to each passenger seat.

I hope that the passengers will also appreciate the interior appointments of the cabin. The components of its interior are made of the best domestic decorative and trimming materials, which correspond to the international norms of fire safety. The plane has two wide exit doors. What does this provide? First of all, it keeps the people from being pushed and shoved before take-off and after landing and ensures rapid evacuation in emergency situations. The basic luggage is placed in containers. This saves time for the passengers.

[Kazmin] I should like you to speak in greater detail of the technical merits of the new airplane: how does it differ from its predecessors?

[Tupolev] We know that the most important indicator of an airplane's technical level is the fuel economy. In the TU-204 aircraft this is over twice that of other Aeroflot planes and 35 percent better than that of the TU-154M. This high degree of economy was achieved due to the most modern structural designs.

The TU-204 has many innovations in the manufacturing technology as well. It has long semi-finished products—sheets, plates, sections. New technological processes ensured a noticeable reduction in the weight of the structure and improved the quality of the exterior surfaces. Thermomechanical compounds based on so-called "magnetic" metal were widely used in the installation of the hydraulic system.

The liner is literally crammed with electronic equipment. Because of this, the pilot-navigation equipment is capable of automatic flight control along programmed routes and an automatic final approach under the most complex weather conditions.

The use of new structural designs has made it possible for us to achieve a very serious and important improvement in the structures of the aircraft and its system and to ensure high-quality technical flying conditions.

[Kazmin] Aleksey Andreyevich, the periods for developing new equipment and the quality of the plans fulfilled depend to a considerable extent on the technical equipment of the designers themselves. Tell us please, what equipment attracted the collective of the design bureau during creation of the TU-204?

[Tupolev] It is impossible to create a modern airplane without automating the design processes and making widescale use of computer equipment. As far as the TU-204 is concerned, the programs worked out on computers made it possible for us to find more quickly the optimum approaches when evaluating the aerodynamic layout, as well as when selecting the structural-power systems. Using digital computers made it possible, in a short time, to make the necessary number of calculations of the technical-flying characteristics, increase the accuracy of determining the exterior lines of the airplane and, most important, promptly provide the output of blueprints to construct the airframe. Modern computer equipment was used to monitor the weight, develop the programs for machining the parts with the aid of machining centers and to pass the necessary information on the magnetic recording media to the manufacturing plants.

With the help of computer equipment we worked out complex spatial functional diagrams of the retraction and extension of the flaps and of the main landing gear supports. Computers were also used for ergonomic calculations in designing the crew cabin. It should be noted that all the systems and equipment of the TU-204 airplane were designed on the basis of the most rigid requirements for reliability and safety under intensive operation. The units of all the systems correspond to the world technical level.

A few words on the crew cabin of the TU-204. A mock-up of it was displayed at the Paris Aviation Salon.

The creative participation of the Aeroflot crews and industry made it possible to determine the most efficient location for the multi-light display panels and the best form for the warnings and recommendations in case of failure, to select the most expedient placement of the instruments and control panels for the systems and to solve problems of comfort.

[Kazmin] How well are you keeping within the planned work periods and when can the new craft be seen in the air?

[Tupolev] The TU-204 should begin flight tests this year, and in 1990 it will transport passengers. At present, assembly and completion of the systems for the airplane's first experimental flight is in progress. Something is worrying and distressing us. First of all, the late delivery of the complete systems, instruments and units. Who is supplying? The design bureau for instrument building, which is in Ulyanovsk. There is a delay with the engines. Some electronic units to control and monitor the systems supplied by collectives directed by A. Tishin, Ye. Zharkov and V. Buralkin are still missing.

We greatly hope that finishing and testing operations on the pilot-navigation complex and the digital system to automate the control yoke will be accelerated at the institutes directed by A. Polskiy and S. Kryukov. The enterprises of the Ministry of the Radio Industry, the Ministry of the Communications Equipment Industry and the Ministry of the Electronics Industry should also accelerate the development of modern radio communications and radio-navigational apparatus, etc. The second airplane for flight tests and the series TU-204 will be built by the Ulyanovsk Aviation Production Complex. The course of the series production and the delays in building the first planes, however, are causing serious anxiety.

Very compressed time periods have been established to carry out the entire program of tests for the new plane. They can be kept, if all our related workers cope with their obligations no later than the first quarter of 1989.



## RAIL SYSTEMS

### Role of 'Elektrotyazhmash' Plant Detailed

18290030a Moscow GUDOK in Russian 12 Oct 88 p 2

[Article by N. Zrol, YUZHNAJA MAGISTRAL correspondent: "A Guarantee of Prestige and Stability—That Is What the Elektrotyazhmash Kharkov Association Calls the Orders of the Ministry of Railways"]

[Text] Up to the beginning of the radical economic reform, the representatives of the diesel locomotive plants, called "pushers," were a permanent attribute in the life of the Elektrotyazhmash Kharkov Production Association. With the transition to the new conditions of economics, the situation has begun to change. After overcoming many years of problems that had piled up, the collective is taking a path toward updating the technological base. A complex problem is being solved—maintaining the rates and volume of the goods produced and emerging at a new level of quality.

The situation at Elektrotyazhmash is definitely reflected in the state of the rolling stock on the entire network of roads.

Almost 70 percent of the commodity output of Elektrotyazhmash is produced, ultimately, for the Ministry of Railways. These items are electric traction motors, generators, auxiliary units and electric equipment for the diesel locomotives.

In becoming familiar with the course of the shipments, we learned that sets of electric equipment for 175 locomotives are sent out from here monthly. Due to the uninterrupted work of the association, many diesel locomotives are put together at the Voroshilovgrad plant, at Bryansk, at Kolomna and at Lyudinovo. They all produce different types of locomotives. To this, add spare parts and assemblies arriving here at the roundhouse through the Ministry of Railways base. The association also has traditional chief's communications. If roundhouse workers come to Kharkov for assistance, they are rarely turned down.

Passing through the motor production shops, one of three working on future diesel locomotives, you begin to realize how difficult the technology barrier is that the collectives will have to cope with in the next few years. Valeriy Stefanovich Pogorelov, production director, does not conceal this.

"It is impossible to update the assortment without improving the plant equipment," he said, "and our machine tool park in many shops lags behind the modern one by three generations. So far at the production facilities only three sections have been set up that are equipped with machine tools with digital program control. The first experience convinced us that it is difficult to insert equipment with digital program control into an

industrial process, if it is surrounded with old DiP's [early Soviet general metalworking machine tools]. These machine tools give a high yield in a system like themselves.

The plant is gradually not only using new equipment—new methods of labor organization are becoming increasingly popular. Long ago the first brigade working in one detail appeared here. Today 193 collectives—almost half the brigades—have converted to cost accounting.

"Not long ago," recalled V. Olkhovik, deputy secretary of the party obkom, "we, along with a few enterprises in Kharkov, converted to two-shift work. In the first few months it was not easy. It was really a question of creating shifts working equally, and required the people to be placed in a new way. The way out that we found in many ways recalled the reorganization carried out by many roundhouses on the roads on the eve of the transition to cost accounting. Superfluous equipment was taken out of the shops. This gave us three advantages. Depreciation payments were reduced, the use coefficient for the equipment rose, and placing the people in shifts became more efficient.

Something even bolder is in process this year in the reorganization of the Elektrotyazhmash workers. A lack of ties between the designers and the technologists was detected—they were made economically dependent on each other. Now thought is given to renovating large sections without stopping the output of goods. The association quickly realized that it could not achieve full cost accounting and self-financing by organizational measures alone.

For this sort of enterprise, it is of little importance how its relations with the purchasers are formed. Not long ago, they were not so simple. Elektrotyazhmash is the only enterprise supplying complete sets of electrical equipment. There is not only no rival, but also there is insurance in case of an unforeseen malfunction. There were disruptions in the deliveries, and, after all, here they work not only with diesel locomotive equipment: the product list also includes powerful generators for GRES under construction and in operation.

This year the deliveries were not interrupted. The contractual commitments with the diesel locomotive builders are being totally fulfilled.

The Voroshilovgrad plant has no shortage of series electric motors for the TE10M, 2TE116 and EM62 diesel locomotives. At Bryansk they promptly obtain units for all variants of the TEM2, just as at Kolomna—those for the TEP70 passenger machines being constructed there.

Unexpectedly, however, a problem arose, typical for many enterprises today. Not all the purchasers proved to be solvent to the proper extent. In August, even the

Voroshilovgrad people, with their volumes, could not pay Elektrot'yazhmash. Therefore, the association was forced, from time to time, to turn to the bank for loans.

All the same, among the many external factors affecting the production course today, there is one for which the collective was ready, and accepted as they should. This was state acceptance. Why?

"Because external departmental control has been in effect at Elektrot'yazhmash for forty years now," V. Sklyarov, associate of the state acceptance group, explained. "I, for example, before this service was created, worked 10 years here as an inspector for the Ministry of Railways. Just as I do now, I looked after product quality."

In his opinion, the changes taking place in the association have a positive effect on the work of the locomotive depot. Since the beginning of the year, taking engines and generators out of operation has been reduced by almost 40 percent. The requirements for outside plant control were strict before, but now they are all the more so.

"What new things will the near future bring to the enterprise?" we ask V. Sklyarov.

"I think that the operators will be pleased with the news about the transition to the output of improved equipment. The ED-118A engine will be replaced by the ED-118B, which will use pressure lubrication of the motor-axial bearings, eliminating the wedging of the axles. To tell the truth, until full development of their capacities, the total output volume will be only half."

O. Mandryka, director of the design subdivision of Elektrot'yazhmash, proudly shows his guests the new PK-1000A train contactor, which has come to replace the PK-753. By putting into series production more powerful engines, their accompanying attachments will improve. The new contactor is capable of withstanding greater current loads than the one formerly used.

The new mainline 2TE121 will soon go onto the line. Elektrot'yazhmash not only worked out the new engines for it, but also the automation devices.

This is the way things are today for the enterprise, creating the "heart and nerves" of the diesel engine. Its collective must rapidly reorganize under the new conditions of cost accounting. In order not to be left behind in social and economic development, there must be large revenues. Therefore the technology for producing consumer goods has been rapidly worked out here.

But notice, having developed the output of some types of every-day electrical instruments, corresponding to the

specialty of the enterprise, the plant workers rapidly took them to the higher quality category. The juice extractors and portable washing machines made by Elektrot'yazhmash are in wide demand.

#### **Minister Reviews Accidents, Safety Issue** *182900030b Moscow GUDOK in Russian 28 Oct 88 p 3*

[Article by V. Baryshev: "Toward Personal Responsibility"; first paragraph is GUDOK introduction]

[Text] On 26 October, an all-network selector conference on problems of train safety in movement was held. G.G. Vedernikov, deputy chairman of the USSR Council of Ministers, took part in this talk, important in principle, with the railroad workers.

Although most of the railroad workers are bound to adhere to the requirements of the Ministry of Railways and the instructions, the situation regarding safety in movement for the trains is extremely bad, said N.S. Konarev, Minister of Railways. Wrecks and accidents stem from sloppy individuals, who can be counted on the fingers of one hand. Yet they place a blot on the entire sector. The most unpleasant thing is that they work alongside good production workers and reconcile them to these dreadful things.

The results of this reconciled-attitude policy are very sad. Since the beginning of the year, there have been seven wrecks and two accidents on the Alma-Ata road, on the West Siberian—respectively 5 and 3, on the Baykal-Amur—four wrecks, on the Transcaucasus—4 and 2, on the Sverdlovsk—3 and 1, on the Oktyabr (Leningrad) and Southwestern—three wrecks each, and for the Azerbaijan—3 wrecks and 8 accidents.

The railway engineers were to blame for about 40 percent of all the extreme incidents. It is still unpleasant at the grade crossings, and the number of collisions with motor transport is growing. The same thing is also happening, and not at crossings. On 25 October on the Atkarsk-Saratov section of track a gasoline tanker found itself under the wheels of a diesel engine. The truck and parts of the locomotive burned up. The physical and moral damage was considerable. Often the accidents occur at the crossings through the fault of drunken motor vehicle drivers, and the directors of the roads and divisions do not display the necessary exactingness and do not strive for the local authorities to take efficient measures to put basic order into truck fleets.

Many wrecks and accidents result from the drivers going through warning signals, the number of which is not being reduced. The worst situation is on the Odessa road, where 10 thoroughfares have been permitted since the beginning of the year. Two of them finished with serious wrecks.

The situation in car maintenance is far from good.

Instances of trains stopping because the freight has fallen out on the track have grown more frequent. The cause—their loose and incorrect placement during loading. Often even worse trouble is caused by the spontaneous movement of the cars due to the negligent attitude toward stopping them at receiving-dispatch and other tracks at the station. All railroad workers, particularly transport workers, should remember that 80 percent of the freight cars are already equipped with rolling bearings. Often a quite light puff of wind is enough to set them in motion.

On practically all the roads, stable work has not been set up for locomotive signal systems, STsB [signalization, centralization and blocking] devices, and communications, particularly of track circuits. Tens of thousands of insulated rail joints are faulty, and many places have no rail joints.

In a word, as the people say, wherever you turn the situation has no issue. The formal approach of many directors toward ensuring train safety, the policy of reconciliation of the workers themselves with regard to their attitude toward violating work and technological discipline are having their effect.

All the successes and blunders begin with a specific person. Therefore, everything must be done to get rid of persons who are indifferent to the laws of safety, especially of openly sloppy persons. A large role in this should be played by the councils of work collectives and the trade union organizations, who still, let us speak directly, take a dependent attitude: give this, give that. Not one of the new self-governing organs has yet posed the question of safe movement at a specific depot or on a specific stretch of road.

It is important to disseminate, persistently, experience in reliable, accident-free work, and to give utmost incentive to people who are vigilant, accurate and disciplined. The demand that everyone bear direct responsibility for the set of obligations, without permitting even a shadow of negativity, should be intensified. This should become the main rule for the railroad workers.

Finally, concern should be shown everywhere for people, on improving the conditions of their work and every-day life, so that they go to work with fresh strength and in a good mood, as they do at the Kurgansk division, on the Lozovsk stretch of road, and at a number of other places.

#### **Program to Upgrade Moscow Railroad, Services Detailed**

18290035 Moscow *LENINSKOYE ZNAMYA* in Russian 13 Oct 88 pp 1-2

[Interview with Viktor Ivanovich Gribkov, Deputy Chief Engineer of the Moscow Railroad, by Z. Shingareva: "Railroad Stations, Tickets and Trains"]

[Text] A comprehensive program for developing the Moscow Railroad complex is being implemented. Our

correspondent converses about this with Deputy Chief Engineer of the Moscow Railroad V. Gribkov.

[Shingareva] Viktor Ivanovich, during the current five-year plan the Moscow Railroad has been operating under the new management conditions, and since January of this year under self-financing. What is being said about the results of the months that have passed?

[Gribkov] Fulfillment of the plan for haulage is much better than in past years over the whole mix of services. The railroaders have begun to serve the clientele better. The plan for delivering freight was carried out for the first eight months as a whole and for all the 16 basic types of freight, including state orders. Above-plan profit in the amount of 43.5 million rubles was received. The prime operating cost for haulage was reduced. Since the start of the five-year plan labor productivity grew by 28 percent, which is much higher than the goal established for the end of the 12th Five-Year Plan. And this, in turn, has enabled the average monthly wage for the railroad's workers to be increased by 60 rubles during this period.

[Shingareva] It is no secret to anyone that the Moscow complex, which includes even suburban Moscow enterprises, literally is choking from the annually increasing haulage volume, both freight and passenger. How is the work to increase throughput and carrying capacity going?

[Gribkov] During the last five-year plan 232 million rubles were invested in developing the complex, and during the first two years of the current plan another 65 million. In particular, additional mainline tracks have been constructed on the Ryazanskiy, Kievskiy, Paveletskiy and Yaroslavskiy routes of the Moscow Railroad. The railroad yards at Orekhovo-Zuyevo, Losinoostrovskaya, Lyublino-Sortirovochnoye and Perovo have been rebuilt. The Bekasovo Railroad Yard has been further developed. Rebuilding of the capital's Belorusskiy and Paveletskiy Railroad Stations has been completed, and rebuilding of the Kazan and Savelovsk railroad stations has started. Much other work is being done. And still this is not sufficient for the Moscow complex to be able to satisfy the ever-rising requirements for haulage. There are not enough receiving and dispatching tracks and dead-end and storage sidings for passenger trains. Meanwhile, the Moscow Railroad's share in the country's total passenger haulage is one-third, and the Moscow complex does 90 percent of this work. In recent years a sharp rise in passenger haulage has been observed, and the dynamics of the growth apparently has been retained.

[Shingareva] Passengers do not usually care about transport problems. They want to ride in comfort and on schedule.

[Gribkov] You are right. We intend to execute major measures for boosting the capacity of the Moscow complex, which will influence the quality of passenger haulage. The plans include the rebuilding of a large number

of railroad yards and multiple-unit motorcar depots and the construction of new mainline track on the Yaroslavskiy, Smolenskiy, Kurskiy and Gorkovskiy routes of the Moscow Railroad.

This program is long-term and it requires enormous capital investment. And that is why there is another program which, together with it, is being considered for future years. This includes the conversion of electric trains to 12-car trains, and we shall ready the Paveletskiy and Kievskiy station routes for 14-car electric-train traffic. By way of experiment, the movement of doubled electric trains (20-24 cars each) has already been tested on the Paveletskiy, Kievskiy and Smolenskiy station routes. Our hopes have been justified. In order to create normal conditions for the departure of passengers for recreation centers near Moscow, we plan next year to organize regular traffic of such lengthened trains. They will be dispatched each Friday evening and Saturday morning from Moscow, and on Sundays they will return to the capital. The passengers will be able to avail themselves of these trains on the Paveletskiy, Savelovskiy, Kievskiy, Smolenskiy and Ryazanskiy routes.

[Shingareva] And in the future, will the service for long-distance passenger travel be improved? When will there be no lines at ticket booths?

[Gribkov] In order to solve the problem of ticket lines, more than 2,000 ticket booths are right now being connected to the Ekspres-2 computer system. Incidentally, this year 86 points for ticket sales for long-distance trains have been opened in Moscow Oblast, and they also are connected with the Ekspres-2 system. But the trouble is that there are not enough seats on the trains. Therefore, we have decided to go by the same route that we did for suburban traffic: we are lengthening long-distance trains to 24 cars, and we have already increased the number of seats in such trains by 30-40 percent. It turns out that this is not enough. More cars must be kept in operation. However, USSR Gosplan does not satisfy orders for their delivery to the country's railroads. The problem is very serious. But we will solve it gradually. This year about 50 trains of 20-24 cars each depart from Moscow's railroad stations daily. Next year such trains will depart from the Kurskiy Railroad Station for the Crimea and the Caucasus. The tracks and passenger platforms at the Kurskiy railroad station and at the largest stations on all Moscow-Crimea-Caucasus routes are being lengthened for their passage.

[Shingareva] Surely, lengthening of the trains is still not the solution of the problem. There are already many such trains, and they are traveling on the busiest routes. But the lines at the ticket counters have not diminished much over last year's. Not by far does each passenger obtain a train ticket for the train needed, on a convenient day and hour, especially on the southern route.

[Gribkov] Actually, the situation in regard to trains on the southern and southeastern routes remains fairly complicated. We still have a weak link here: there is not enough capacity for preparing trains for long-distance trips. A complex for southern passenger must be constructed. The central press has already talked about it. The complex will include two railroad yards—one for passenger trains and one for technical support, a repair and servicing depot with an employee's amenities building, a car-repair depot, a depot for servicing and equipping and the technical inspection of locomotives, storage premises, a laundry, a dry cleaning department, a base for dining cars, and other necessary facilities. There should also be a large railroad station with the most modern equipment. A portion of the trains headed south will leave from here. The Kurskiy station will feel relief. For the time being, there will be much preparatory bother at this complex. And obstacles will be encountered. One of the difficulties will be the very large amount of construction and the multimillion-ruble expenditures. There have been no final decisions yet about the site of the construction and the allocation of land sections. This matter in particular is for Mosobli-spolkom [Moscow Oblast Ispolskom] to decide.

[Shingareva] Viktor Ivanovich, let's return to the comprehensive program for developing the Moscow complex. What will be done?

[Gribkov] Erection of the southern passenger complex will at once go into this program. In general, it calls for the design, construction, rebuilding and expansion of 55 large facilities. The capital investment will come to almost half a billion rubles. The burning question for us now is financing. Laying a third line on the Moscow-Lyublino section will cost 130 million rubles, the Moscow-Odintsovo section 75 million, the Moscow-Kuskovo section 35 million. A second track on the Iksha-Aleksandrov section will rise to 105 million rubles, rebuilding of the Yaroslavl station 16 million rubles. The plans include the construction of a new building for the Central Railroad Office, that is, a complex for ticket sales. The railroad will not be able to finance such large and ramified construction through its own funds for developing production, science and technology. Moreover the facilities are to be erected practically simultaneously. In considering the state importance of the program for developing the Moscow complex, the railroad has set before the Ministry of Railways the problem of financing the most important transport construction projects through central MPS resources. What is more, nothing has been decided yet. Both the ceilings on contract operations for Mintransstroy [Ministry of Transport Construction] and the low degree of use of mechanized equipment in railroad construction trusts hamper us. From year to year MPS reduces the delivery to our trusts of construction equipment, vehicles and equipment, and the level of mechanization does not exceed 13 percent, which is half that of Mintransstroy organizations.

Right now, start of the work of laying the third line on the Moscow- Odintsovo and the second line on the Iksha-Aleksandrov sections has been interrupted by several factors. Mosgioprotrans [Moscow State Survey and Design Institute of the USSR Ministry of Transport Construction] is working out a feasibility study only at the end of this year, and the designs will be issued in 1989-1990. But we are still striving to get these two projects completed by the previously planned deadline.

With the completion of construction on the Iksha-Aleksandrov section, the Great District Ring will be double-track on all routes, and this will enable a load to be removed with the passage of trains on the western semi-ring, and additional passenger-train traffic to be opened up here.

[Shingareva] Does the program for developing the complex call for solution of the housing problem?

[Gribkov] Of course. In Moscow Oblast, very many railroad workers need improved housing conditions. Almost 10,000 families of ours need apartments with the amenities. Of these, 3,000 families are living in decrepit structures that are subject to demolition. In the last two years we have managed to improve housing conditions for 2,420 families that are living in Moscow's suburbs, to demolish 101 structures and to dispose of 23 workers' sleeping coaches. But this clearly is not enough. By the end of this year it is planned to turn over at least a thousand apartments in Moscow Oblast alone. And another 2,300 apartments by the end of the five-year plan. For the five-year plan as a whole it is planned to build in the oblast 6,400 apartments for railroaders. For this purpose, the railroad will introduce ahead of schedule this year the Shchurovskiy Housing-Construction Combine with a capacity of 50,000 square meters of housing per year. And it is extremely important to us that city and rayon ispolkoms of soviets of people's deputies not impose crushing terms in allocating land sections for the new construction. Successful operation of the collective of the railroad and its enterprises depends greatly upon the stability and high degree of qualification of its personnel. This means that solution of social problems should be on a par with production and economic problems. We have a good example here—the Kievskiy settlement, where Bekasovo-Sortirovochnoe yards workers are living. Several years ago many were living in railroad cars here. Right now the car cities have been eliminated. Several apartment houses, purification structures, a sanitary and domestic-services combine, a kindergarten for 280 children, and natural-gas service have been introduced and put into operation, and a polyclinic and a club will be constructed.

The tasks before the Moscow Railroad collective are not simple or easy, but they must be carried out. The new management mechanism and conversion to economic accountability and self-financing will enable these problems to be resolved more effectively.

## Economists Analyze Proposed High-Speed Rail Line

18290024 Moscow GUDOK in Russian 4 Sep 88 p 2

[Article by M. Trikhunkov, doctor of economic sciences; A. Kuporov, candidate of economic sciences; and V. Katayev, candidate of economic sciences; "Has Giganomania Not Lapsed?"; first paragraph is GUDOK introduction]

[Text] The discussion of the plan for constructing the high-speed Center-South rail line on the pages of GUDOK has evoked a great deal of mail from readers. The readers are disputing and discussing different aspects of high-speed travel. However, whereas only "pro" and "con" opinions were expressed before, the discussions have now turned to a deeper analysis. Is the new main line needed in general and who has studied in detail the population's opinion on this subject?—MIIT [Moscow Institute for Rail Transport Engineers] scientists are raising these questions. We are letting them have the floor.

We have read with interest the GUDOK articles devoted to the special high-speed Center-South passenger rail line. Our impression, however, is that there is more—so to say—"expended euphoria" in Professor Ye. Sotnikov's article than serious social and economic justifications. That is why some of us have formed the opinion that the author is once again somewhat quickly opening the state "purse" for unrestrained expenditures. Let us ask questions of the project's designers before they publicize the new "construction project of the century." In what technical version will it be built, where will it be built, when will it be built, and how much will a ticket on the super-express trains cost?

It is no secret why these questions are being posed. Alternatives for the future right-of-way are needed, but they are still offering us only a single version oriented toward the traditional "wheel-rail" travel principle. With enormous expenditures (more than three million rubles per kilometer of track), the country is seemingly being doomed in advance to further lagging behind the advanced countries of the FRG, France and Japan where experimental train routes using magnetic suspension make possible speeds of 500 kilometers per hour and more.

But what about us? Is it possible that the first high-speed line in the USSR will not be built using an advanced technical solution—a new generation of rolling stock—and that we will rumble on "iron wheels" into the 21st century?

The calculations, which scientists A. Kuporov and Yu. Chuverin made more than 10 years ago, permit us to state today that the optimum speed of a train using

magnetic suspension is 250-320 kilometers per hour. The advisability of using such trains arises only when passenger traffic reaches the order of 20-40 million passengers a year.

These are the parameters for the most advanced transport today, but we—as before—want to adopt that which is a little simpler and more understandable: “the wheel and the rail.” However, why should we “award” in the justifications a magnetoplane effect to an old type of transport? Such justifications, moreover, are very unstable. In our opinion, an ecological examination of the line and, consequently, its social and moral justification are primarily required.

Judge for yourselves. The line is being planned for a densely populated region and will pass practically through the suburban zone from Moscow to Simferopol. If one takes a minimal strip of from 24 to 32 meters for it, more than 5,000 hectares of fertile land will be taken. Add to this the land for the development of stations, technical facilities, sidings, buildings, structures, etc., and the taking of land will increase even more.

There is no comparison with air and motor transport which considers the cost of the land taken. The periods for recovering the enormous capital investments and their profitability have only been approximately considered. The prospects for expanding other resort zones besides the Black Sea one have generally not been taken into consideration although a sharp influx of vacationers into the central rayons has recently taken place.

During the mid-Seventies, Professor Ye. Khanukov, in reviewing the work of VNIIZhT [All-Union Scientific Research Institute of Railroad Transport] on high-speed passenger traffic, resolutely insisted not on a superficial but a thorough economic justification of the Center-South project. Unfortunately, the present plan is more similar in its instructions to the well-known sad plan for the diversion of rivers. Why should we repeat such mistakes?

In our opinion, it is necessary to complete the plan and submit it to the court of public opinion, to weigh all the “pros” and “cons” and examine not one but a whole series of alternative solutions. During the discussion, it is of no small importance to investigate whether a sharp increase will occur in the load on the Moscow hub which barely handles passenger traffic now during the summertime. However, why should a super-express carry everyone to Moscow? If the majority of passengers will again complete trips with one-two transfers, the ordeal at the terminals can eat up the entire effect from high speeds.

As is known, the other terminal of the line—the Black Sea coast—also requires ecological protection. It is necessary to think about this again and again before allocating five billion rubles for the construction project.

If a careful analysis of alternatives shows that a line using magnetic suspension is just as expensive as a line based on the “rail-wheel,” then possibly all preference should be given to it. Let it be completed in the year 2001 and not in 1996 so long as it is built considering the latest requirements of scientific and technical progress. You see, a reduction in the price of energy resources is possible (such a trend exists) especially when using the idea of superconductivity.

In our opinion, it is advisable to examine the following alternatives in the expansion of passenger transport: First, a radical reconstruction of the main rail passenger avenues by laying a third-fourth track and increasing travel speed on sections to 120-160 kilometers per hour is completely realistic.

Second, modernizing rolling stock and increasing capital investments in the building of modern comfortable sleeping cars are required. With the distances in our country, the most advantageous time en route for a passenger is 8-12 hours. We confess that night watches (five-six hours) in a pullman car with its present services are simply harmful from a medical and biological point of view.

The third alternative for capital investments is also not a new one—building a new motor vehicle works and expanding the paved road network. Private automobiles would permit the strain on suburban rail communications, especially with growing dacha construction, to be removed.

A fourth alternative is the intensive development of air transport on heavily loaded lines. Here, large investments in expanding and modernizing airports and increasing the production of airbuses are also required.

In any event, the 13th Five-Year Plan urgently requires a program for modernizing all passenger transport systems, and the main thing here is to achieve not only an economic but also a social effect. An individual should have a choice on each avenue: What type of transport is best for him and which one can be used most conveniently? Any lack of alternatives, including the speed of travel, is intolerable. On the other hand, the monopoly of the high-speed wheel can lapse into a super-expensive venture, and the next “people’s construction project of the century” can become a burden for us.

#### **Railway Security Chief Interviewed**

*18290038a Moscow PRAVDA in Russian 27 Oct 88 p 6*

[Interview with Mikhail Semenovitch Belan, Chief of Militarized Security of the Ministry of Railways, by N. Lukanovskiy: “The Rifleman at the Crossroads—Thefts Still Occur on the Railroad.”]

[Text] The activity of the railroads’ militarized security, as they say, does not attract attention. Not once has the traveling rifleman been the main hero of a hit film, with

shoulder boards and shots. But the shoulder boards are still there and the shots also....One can give many family names of security workers who support the service valorously, and at times heroically. The sums returned to the state by suppressing plunderers in six months alone of this year, estimated in monetary terms, was about 800,000 rubles. But there are also other figures....

Our conversation with chief of the Militarized Security Service of the Ministry of Railways M. Belan started with this statistic.

[Lukanovskiy] Mikhail Semenovich, 24 percent of all thefts on the country's railroad occur because of poor security. This is the average. And if one takes specific railroads: it is 54 percent on the Alma-Ata Railroad, 82 percent on the Krasnoyarsk and 100 percent on the Tselin.

[Belan] And on the Lvov 5 percent and on the Northern 0.5 percent. Much (if not everything) here depends upon local management of the road and the militarized security subunits, and upon their skill in organizing the service. If we turn to the total figures, it is like this: in six months of this year the railroads paid out to addressees and shippers 568,000 rubles through the fault of security. Ten percent less than last year, but still it is quite a bit.

[Lukanovskiy] What does that mean—"through the fault of security"?

[Belan] This refers to commodities and freight stolen from guarded trains, railroad yards or facilities where we have posts. This relates to freight burned through lack of surveillance or lack of inefficiency of the firemen—fire protection of the railroad also enters structurally into VOKhR [Militarized Security]....What do they steal? Almost everything. I have before me a list of protected freight, rarely is a line drawn through any category here. In the first half of the year grain products (not counting grain) worth 7,500 rubles were stolen, and grain worth 10,000 rubles....They steal meat and vegetables, fruits and building materials, gasoline and toxic methanol, and they break up sets of parts for motor vehicles and farm machinery....

[Lukanovskiy] But why is it impossible to protect it more thoroughly?

[Belan] In order to answer that question I shall again resort to figures: from 1952 through 1988 the amount of haulage on the railroads rose, for example, 6-fold for motor-vehicle equipment, 5-fold for tractors and 21-fold for combines. While the number of security workers was reduced 60 percent! There is no reason to be especially surprised at this. How did they look at security 15-20 years ago? This business, they said, was temporary, it will peak in 10 years and no one in our country (when there is universal abundance!) will steal. Influenced by

these considerations, they did fall. But the years have passed, and there has not been less stealing. So it is that the times of "inflated victories" were reflected also in militarized security.

This year, for the first time, we were not reduced "from the top"—and we were finally taken from the category of administrative control personnel. The chiefs of the railroad were given the right themselves to establish security manning. On the Southwestern, Kemerovo, and Azerbaijan railroads, for example, radical measures were taken: by way of experiment they completely cut down on the detachment staffs. Personnel are now supervised centrally by the railroad's VOKhR.

[Lukanovskiy] There are many complaints about poor conditions of the service. A militarized security rifleman from Penza, V. Burmistrov, appealed to the editorial board after unsuccessful attempts to achieve some kind of improvements in his detachment. He tried many things: he criticized the leadership at Komsomol meetings, published critical material in the oblast's party newspaper, even wrote a letter addressed to you, which, alas, was forwarded from the administration to Kuybyshev....Here is what he wrote: "According to the 'duty of the service,' we...freeze in the winter on the rolling stock, accompanying protected freight from one transfer point to another over a distance of 120-260 kilometers. The felt boots absolutely do not hold heat—our feet are already numb at the start of the trip. The flatcars and freight cars are not equipped, most of them do not have even the usual brake platform...."

[Belan] These are our painful points. And the traveling rifleman experiences the pain most of all. Previously, up to 10 percent of the freight rolling stock was produced with brake platforms. But in recent years, based on the decision of Gosplan and Mintyazhmash [Ministry of Heavy, Power and Transport Machine Building], the manufacture of such cars was ended. By the end of the five-year plan almost none will remain in operation. And so the rifleman lives in misery, especially in the winter, and he seeks a place to find some room....Once this suggestion was discussed: why not authorize him to make the trip in the cab of the equipment being protected? But then a combination of incidents took place. On the Moscow Railroad a security worker sat in the cab of a tractor, started it up in order to warm himself, and then, after tearing away the tie-downs, drove about the flat car. Miraculously, he managed to avoid a wreck and victims. On the Volga Railroad, a rifleman sat in Zhigulis being escorted and also started them up. A vehicle caught fire. The semiplatforms of the "car carriers" burned up. So it is that we cannot authorize riding in the cabs—to avoid unfortunate incidents. And this is not a solution to the problem, for there are different kinds of freight, not just equipment.

[Lukanovskiy] However, there is also the locomotive's cab....

[Belan] Yes, and the directive, "The Procedure for Security and for Accompanying Freight en Route," authorizes passage in the cab of a diesel locomotive. But new problems arise here: despite the instruction of the Minister of Railways that freight trains be formed in such a way that protected cars are placed at the head of the train, this is not being done at many railroad yards.

[Lukanovskiy] You have not spoken about clothing. Incidentally, Burmistrov also brought to the editorial office an answer to still another of his letters, signed by your deputy, A. Sagaydak. "Militarized security personnel," it says in particular in the reply, "are being provided with special clothing according to norms approved by the decree...." You will agree, the rifleman is not warmer because of this....

[Belan] We are guilty here, both in the formal bureaucratic noncommittal answer and in the fact that questions of providing personnel with suitable special clothing have not been solved for an unjustifiably long time. And the problem is not the quantity but the quality of the clothing. There are enough sheepskin coats, short sheepskin coats and felt boots, but the covered short sheepskin coats or the fine felt boots alone, which are intended for mountain conditions, are not sufficiently reliable allies in the struggle with the cold. Recently the Work Safety Section of the All-Union Scientific-Research Institute for Railway Transport developed a new model—a heat-protective outfit. Light, convenient and suitable for work at -40 degrees. We put in an order at once. In the forthcoming winter season VOKhR personnel will receive the reinforced felt boots produced for northern lumberjacks.

[Lukanovskiy] Let us talk about the potential for traveling rifleman when on duty. He does not have communication with the locomotive engineer, he cannot, in an extreme situation, stop the train, and he is restricted in his movements about the rolling stock....

[Belan] This is precisely why we are introducing new protection methods, we are experimenting. In order to strengthen the security of the railroad yards, special operational groups are being enlisted which include militia workers. The group is supplied with radios and vehicles and, at a given signal, proceed to the scene in mere minutes. So-called pickets provide for security on arriving and departing trains....

[Lukanovskiy] The methods are good, but there are still tens of thousands of people employed in the nonproductive sphere....What about automation and electronics?

[Belan] It is one thing to protect stationary objects—today 52,000 devices are at them. But it is something else entirely to protect rolling stock. For you do not entangle the whole railroad with wires. It is possible, of course, to blockade a car, to hook up an autonomous power supply

and put special receivers at railroad yards that would receive a signal about whether a car is in order or is open. But we have refrained from this so far—it is too expensive.

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The pointer easily slides along the big—the whole wall—a map of the Union's railroads. The total length of track in the country, I was told at MPS, is 146,000 kilometers. And now I recall: we are losing on the railroad—through the fault of security—more than a million rubles annually. That is, seven rubles per kilometer. In the decades of existence of the given type of transport, in one year alone it has the right to be called the gold road.

How to avoid losses? Today there is talk about two options: triple security or spend on automation and electronics.

The MPS discards the second—it is too expensive.

**Benefits of Automated Dispatch Center Noted**  
*18290038b Moscow EKONOMICHESKAYA GAZETA*  
*in Russian No 43 Oct 88 p 3*

[Article by A. Streltsov (Moscow): "Trains Rush Along the Screen"]

[Text] Anyone who has even once seen reporting from the Space Flight Control Center can easily imagine what the automated dispatch center for haulage control (ADTsU) of the USSR Ministry of Railways that has been put into operation looks like.

There is a ladderlike row of CRT displays, and an enormous display board along the whole wall. Not stars but terrestrial routes of movement of trains along our country's whole rail network are placed on it. Dispatchers, to whom information flows from the MPS's Main Computer Center and 32 computer centers of the railroads, guide this movement. Here the information appears on both the display board and on the CRT display screens.

Electronics enables a dialogue to be conducted between Moscow and any railroad yards. By pressing a button one can verify whether the schedule for the sequence of trains in the Baltic or the Far East is being fulfilled, find out more about the weight of trains that have been dispatched and fulfillment of the norms for loads, and find out where there are surpluses of empties. In order to assess the overall situation on the network, it suffices for the dispatcher to glance at the display board. It is a "talking" board. When there is no delay of trains, the lights that signify the railroad yards do not burn. As soon as they start blinking, that means that timely dispatcher intervention is necessary, the computer prompting him with the best way out of the situation that has been created.



"The new control center," says Deputy Chief of the MPS's [Ministry of Railways] GVTs [Main Computer Center] B. Naumov, "permits one to find out and use reserves in organizing train traffic and to achieve rhythmic and coordinated work on the whole network of the railroads. As a result, the throughput of the lines is rising by 10-15 percent, and the average weight of

freight trains has increased by 100 tons. All this is very important during conversion of the railroads to full economic accountability and self-financing. According to preliminary estimates, expenditures on creation of the new complex—the engineering equipment alone cost 4 million rubles—will be recouped in less than two years.

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